

CERTIFIED TRANSLATION

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PREPA EMPLOYEE
RETIREMENT SYSTEM

PUERTO RICO ELECTRIC POWER AUTHORITY
EMPLOYEE RETIREMENT SYSTEM
REGULATIONS

AMENDED: APR 25 2014



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**RETIREMENT SYSTEM OF THE EMPLOYEES OF THE
PUERTO RICO ELECTRIC POWER AUTHORITY**

REGULATIONS

The Governing Board of the Puerto Rico Electric Power Authority hereby creates a retirement fund for officers and employees of the Authority, which shall be known as the Puerto Rico Electric Power Authority Employee Retirement System, effective from July 1, 1945, in accordance with the following Regulations: (Amendment of December 14, 1979)



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ARTICLE 1. DEFINITIONS

The following words and phrases, as used in these Regulations, shall have the following meanings, unless the context clearly requires otherwise:

(1) “**Retirement System**” or “**System**” shall mean the Puerto Rico Electric Power Authority Employee Retirement System, as described and drafted in these Regulations, or as amended in the future.

(2) “**Date of System Implementation**” shall mean July 1, 1945.

(3) “**Authority**” shall mean the Puerto Rico Electric Power Authority, and when these Regulations authorize a discretionary act by the Authority, it shall be exercised by its Governing Board.

(4) “**Trustee Board**” or “**Board**” shall mean the management board of the System as provided in Article 6.

(5) “**Employee**” shall mean any person who receives a Regular, Special Regular, Conditional Regular, or Temporary appointment or any other appointment in the Authority by the Governing Board or by the Executive Director thereof, and who receives

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fixed compensation from the Authority which is not a pension; voluntary separation payment or fees under contract. In the event that a controversy arises as to the right of any person in the Authority's service to be classified as an Employee under these Regulations, the decision of the Executive Director of the Authority in that regard shall be final. (Approved June 12, 2003, Res. 2003-037).

(6) "**Member**" shall mean any person included as a System member as provided in Article 2.

(7) "**Compensation**" shall mean basic salary received by an employee for services rendered at the Authority excluding any additional pay for temporary situations, internships, hours worked in excess of his or her regular work schedule, bonuses, and special pay. (Approved on July 23, 1999, Res. 99-113).

(8) "**Average Final Compensation**" shall mean the annual average compensation received by a member during the three years of credited service during which she or he received the highest compensation.

(9) "**Service**" shall mean time worked in the Authority or using any authorized paid leave or Employment

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Separation Leave, and Authorized Salary for Defined Period for Union Purposes, while she or he is an employee of the Authority. It shall also mean any credited time for retirement purposes, in accordance with laws in effect which may be applicable to this System. (Approved on January 14, 2000, Res. 2000-002).

(10) “**Member Service**” shall mean the period of service provided by an employee since he or she became a member, which shall be credited as provided in Section (2) of Article 3.

(11) “**Prior Service**” shall mean the period of services rendered by a member prior to the date he or she became a member and for which credit is granted in accordance with the provisions of these Regulations. (Approved on August 20, 1999, Res. 99-056).

(12) “**Credited Service**” shall mean the sum of member service and prior service.

(13) “**Accrued Contributions**” shall mean the sum of contributions made by a member to the System, minus the contribution, if any, paid to credit his or her account under the terms of the Federal Social Security Act plus interest thereon at a rate of five percent (5%) of the annual compound interest. (Amendment

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January 17, 1986 at 4% and October 23, 1987, effective January 1, 1988, at 5%).

(14) “**Pension**” shall mean annual life payments made under the System, as provided under these Regulations. All pensions shall be paid in monthly payments, and the check shall bear the date it is sent via Federal Mail, ending with payment of pension made the month immediately prior to the date of death of the member and the fractional payment of the accrued pension corresponding to such portion of the month in which the death occurs, except that if the member has retired due to disability or has elected an optional benefit, the provisions of these Regulations applicable to such optional benefits shall be those that apply. IT IS FURTHER PROVIDED, that any pension that amounts to less than \$120 per year may be paid by order of the Board of Trustees, through a global sum of the equivalent actuarial value (Amendment March 6, 1987)

(15) “**Pension Reserve**” shall mean the effective value on the date the calculation is carried out of all payments to be made to a retired member or to his or her account, calculated at a regular interest rate and based on the last tables adopted by the Board of Trustees.

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(16) “**Regular Interest**” shall mean the annual compound interest at the rate determined by the Board of Trustees from time to time to be applied in all actuarial calculations required with regards to the System, and a rate of four per cent shall be adopted from the date of implementation of the System until it is modified by the Board of Trustees.

(17) “**Actuarial Equivalent**” shall mean a benefit of equivalent value calculated at a regular interest based on the tables recently adopted by the Board of Trustees.

(18) “**Beneficiary**” shall mean any person who receives a pension or any other benefit authorized under these Regulations.

(19) It is understood that whenever a male pronoun is used in these Regulations, it shall also include the female gender.

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ARTICLE 2 – MEMBERSHIP

(1) (As amended on August 14, 1946). Any person who is an employee on the date of implementation of the System shall be a member starting on that date, unless, within the following three months, or three months from the date of his or her return to service if on the date of implementation he or she is on authorized leave, he or she informs the Board of Trustees of his or her decision not to be a member, thus waiving all of the benefits granted by the System. IT IS FURTHER PROVIDED, however, that any employee member of the System at the date of its implementation who has any retirement plan implemented by the Puerto Rico Legislature, who does not notify his or her decision not to be a member on or before October 31, 1946 may continue being a member of the System, but shall stop being a member 90 days after entry into effect of the provisions approved by the legislature of Puerto Rico authorizing the employees of the Authority who have any retirement plan implemented by the Puerto Rico legislature to give up the plan that he or she has, unless before the expiration of those 90 days he or she gave it up.

(2) Any person appointed as an employee after the date of implementation of the System is required, as a condition of his or her

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employment, to be a member from his or her date of employment. HOWEVER, IT IS FURTHER PROVIDED that if an employee of the Island Government or of any of the instrumentalities or public corporations established by the Puerto Rico Legislature who has any retirement or pension established by said Legislature who is transferred or occupies a position or employment in the Authority, shall [sic] have three months from the date of his or her employment by the Authority to decide whether or not he or she wishes to continue being a member of the pension or retirement plan to which he or she belongs. In the event that he or she gives up said plan, he or she shall be required to enter the System from the date of giving up said plan.

(3) Any employee who is a member of the System as of the date of its implementation who is subscribed to the retirement plan of the officers and employees of the Insular Government of Puerto Rico shall receive credit for prior service as long as said employee is allowed to resign and in effect resigns from said retirement plan.

(4) Any employee on the date of implementation who decides not to subscribe to the System may subsequently request entry as member of the System, and must submit certificate of good health to the satisfaction of the Board of Trustees, but said employee shall not receive credit for prior service unless he or she is accepted as a member within a period of

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one year from the date of implementation of the System, or if it is an employee of the conditions specified in Section (3), unless he or she becomes a member within a period of one year from the date of implementation of the System, or in a period of three months from the date he or she is allowed to give up the retirement plan of the officers and employees of the Island Government of Puerto Rico and effectively gives up said plan adopting whichever date is later of these two.

(5) This System, from its date of implementation, is established instead of any other provisional pension plan adopted by the Authority prior to said date, and any benefit or claim that may be derived from said pension plan shall cease in its entirety on the aforementioned date of implementation. IT IS FURTHER PROVIDED, however, that such persons who have become beneficiaries of such pension plan prior to the date of implementation of these regulations, shall continue receiving benefits granted by it.

(6) Any employee who becomes a member of the System shall immediately send the Board of Trustees a form with the information necessary to establish the rate of his or her contribution and determine the amount of his or her future benefits.

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(7) A member shall cease to be a member if he or she is absent from service for six consecutive months without written leave expressing his or her wish to continue as a member after said period has elapsed, or if he or she withdraws his or her accrued contributions or becomes a beneficiary or if he or she dies. Notwithstanding any contrary provision, no member who ceases being an employee prior to having a right to retire shall be entitled to benefits beyond those specified in Section (4) of Article 4.

(8) (As amended on March 1, 1968 effective February 1, 1968). Notwithstanding any contrary provision contained in these Regulations, an employee shall receive credit for service in the following cases:

(a) A member who was an employee on the date of implementation of the System who became or becomes a member after a year from such date of implementation but before May 1, 1969 shall receive credit for prior service and member service as if he or she became a member on the date of implementation of the System, as long as he or she notifies the System in writing, before July 1, 1969 of his or her decision to be covered under the provisions of Paragraph (a) herein and pays or agrees to pay, in addition to his or her

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regular contributions, a retroactive contribution determined on the basis of his or her compensation from the date of implementation of the system until the date in which he or she became or becomes a member at the rate of contribution applicable to him or her in accordance with his or her age on the date in which he or she entered or enters as a member with regular interest as to said amount from the dates in which payments would have been made if he or she had become a member on the date of implementation of the System. Said retroactive contribution shall be made in one single payment or in the payments provided by the Board of Trustees.

(b) An employee who became a member by virtue of the provision of work condition provision number 26 of Article XL of the Collective Bargaining Agreement of the Puerto Rico Electric Power Authority (previously the Water Resources Authority) and the Puerto Rico Irrigation and Electrical Industry Workers Union, in effect from July 1, 1960 through June 30, 1963, and who, before becoming a member, had a Special Regular appointment with an annual salary and other special work conditions without being entitled to membership in the Retirement System, shall receive a member service credit for services rendered from September 6, 1953 through the date he or she became a member, as long as the System is notified in writing, prior to July 1, 1969, of his or her decision to be covered under the

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provisions of this paragraph (b) and he or she pays or agrees to pay, in addition to regular contributions, a retroactive contribution determined on the basis of his or her compensation from the date of effect of the Special Regular appointment mentioned above through the date of his or her membership at the contribution rate that would have applied to him or her in accordance with his or her age the moment of becoming a member, with regular interest on said amount from the dates in which payments would have been made if he or she had become a member on the effective date of the above Special Regular appointment. Said retroactive contribution shall be made in one single payment or in such partial payments as provided by the Board of Trustees.

(c) (As amended on August 6, 1969 effective May 1, 1969).

A member who has an appointment or a series of appointments as employee of the Authority under special service contract without being entitled to be a member of the Retirement System, shall receive a credit in the System for services rendered as an employee of the Authority under the contract(s) prior to the date of his or her membership, as long as he or she notifies the System in writing within 90 days from becoming a member

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or prior to April 1, 1970, whichever comes later, as to his or her decision to request credit for said services, and pays or agrees to pay, in addition to his or her current contributions, a retroactive contribution determined on the basis of his or her compensation during the period(s) of service for which he or she requests credit, at the contribution rate applicable to him or her in accordance with his or her age when he or she became a member, plus current interest calculated as to said sum, from the dates in which the payments would have been made if the requestor had become a member on the initial date of his or her appointment under contract or on the date of implementation of the System, whichever came later. Said retroactive contribution shall be made in a single payment or in the payments determined by the Board of Trustees.

(d) A member who, prior to becoming a member of the System, provided services to the Authority with a non-regular appointment after the date of implementation of the System, without being entitled to be a member of the Retirement System shall receive credit in the System for said service, as long as he or she notifies the System in writing within the three years following his or her entry as a member or prior to April 1, 1973, whichever is later, as to his or her decision to request credit for

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said service, and pays or agrees to pay, in addition to current contributions, a retroactive contribution determined based on his or her compensation during the period(s) of service provided after the date of implementation of the System at the contribution rate applicable to him or her in accordance with his or her age when he or she became a member, plus current interest calculated as to said sum, from the dates in which the payments would have been made if the requestor had become a member during said service. Interest to be paid by a member who requested credit for said service from the System prior to June 30, 1972 shall be calculated through the date if he or she were notified the amount to be paid after June 30, 1972 or through the date on which he or she pays or agrees to pay the appropriate contribution if he or she was notified prior to June 30, 1972 and he or she pays or agrees to pay said contribution prior to said date. The interest to be paid by a member requesting credit for said service after June 30, 1972 shall be calculated through the date on which he or she pays or agrees to pay the appropriate contribution or up to a maximum of six months to be counted from the date on which he or she filed the credit request before the System, if he or she is notified the amount to be paid

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after the six-month period indicated above has elapsed. Said retroactive contribution shall be made in a single payment or in the installment(s) determined by the Board of Trustees. A member's credit request for service with non-regular appointment under this section, if made for part of said service provided by him or her, shall include no less than one full year of said service, unless said service is for less than one year, and shall regard the most recent period(s) of said service.

(e) A member who, prior to becoming a member of the System provided service to the Authority prior to July 1, 1945 or to any natural or legal person or entity transferred to or acquired by the Authority prior to said date operating any electrical power distribution and production system prior to the date of implementation of the System shall receive credit for said service: PROVIDED he or she notifies the System in writing within three years from becoming a member or prior to April 1, 1973, whichever is later, as to his or her decision to request credit for said service. No contribution shall be required from the member as to

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said service. The Authority shall assume the total cost required to grant credit for said service.

(f) (As amended on September 17, 1970 effective July 1, 1969).

On or after July 1, 1969 an employee may opt to receive credit for service as an employee of the Government of the United States or federal agencies provided in offices located in Puerto Rico as long as he or she notifies the System in writing before April 1, 1973 or within the three years after becoming a member, whichever is later, as to his or her decision to request credit for said service, and pays or agrees to pay, in addition to regular contributions, a retroactive individual and employer contribution determined as follows:

(i) For any said service provided on or after the date of implementation of the System, the amount of the retroactive contribution to be paid by the member shall be calculated based on the compensation received by the member for said service and the rate of contribution applicable to the member shall be determined in accordance with his or her age on the date in which he or she became a member and the employer contribution rates shall be determined in accordance with the rates

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applicable to the Authority during the period for which credit is claimed. The rate of contribution which shall be considered applicable to the Authority for these purposes shall be the sum of the rates of normal contribution and contribution for accrued obligations paid by the Authority during the period for which credit for service is claimed.

(ii) For any of said service provided prior to the date of implementation of the System, the amount of the retroactive contribution to be paid by the member shall be determined based on his or her compensation as employee in effect on June 22, 1957 or on the date in which he or she became a member of the System, whichever is later, and a contribution rate equal to the sum of 8.88 per cent and the rate of contribution of the member determined in accordance with his or her age on the date in which he or she became a member, with regular interest on the amount calculated based on the member's contribution rate from July 1, 1945 through June 30, 1957 or until the date in which he or she became a member of the System, whichever is later.

Said retroactive contributions shall be made in a single payment or in the installments provided by the Board of Trustees. A member's request for credit for service as an employee provided to the government of the United States or federal agencies under this

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section, if made with regards to just part of said service, shall not be for less than a full year of said service unless said service is under one year, and shall be with regards to the most recent period(s) of said services.

The right of an employee to become a member of the System on or after August 5, 1970 to request credit, in accordance with this paragraph, for services provided as employee of the Government of the United States or federal agencies in offices located in Puerto Rico shall be subject to the limitation that he or she shall not receive credit for more than one year of said service for each five full years of service as an employee of the Authority or of any natural or legal entity transferred to or acquired by the Authority; said limitation shall not be applicable to employees that became members of the System prior to August 5, 1970.

(iii) Federal agencies to be considered for purposes of time credit under this section shall be those in which an employee paid contributions to the Federal Retirement System or which due to his or her condition as irregular employee was not able to make contributions to said System, provided that agencies that pay contributions to a Private Pension Plan shall not be eligible (April 30, 1983)

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(g) An employee honorably discharged from the United States Armed Forces may opt, on or before May 1, 1973, to receive credit for regular active service provided in the United States Armed Forces during times of peace, before or after becoming a member of the System, as long as he or she notifies the System in writing by May 1, 1976 or within three years after becoming a member of the System, whichever is later, as to his or her decision to request credit for said service, and pays or agrees to pay, in addition to his or her current contributions, an individual retroactive contribution as well as the Authority's retroactive contribution determined as follows;

(i) For services provided on or after the date of implementation of the System, the retroactive contribution to be paid by the member shall be calculated based on the compensation earned by the member for said services and the rate of contribution applicable to the member according to his or her age on the date of entry into the System, and the rates of contribution applicable to the Authority during the period(s) for which credit is requested. The rate of contribution that shall be considered applicable to the Authority for these purposes shall be the sum of the normal contribution and accrued obligations

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rates paid by the Authority for the period for which service credit is requested. The salaries to be used to calculate the contributions to be paid for services rendered in the Armed forces on or after July 1, 1945 shall be the base pay for the rank held by the member in the Armed Forces without including additional pay or compensation of any other sort.

(ii) For services rendered prior to the date of implementation of the System, the amount of the retroactive contributions to be paid by the member shall be determined based on the compensation that said member is receiving as an employee of the Authority as of June 22, 1957, or as of the date that he or she became a member of the System, whichever is later, and a rate of contribution equal to the sum of 8.88 percent and the contribution rate applicable to the member according to his or her age on the date of entering the System, plus regular interest on the individual contributions calculated from July 1, 1945 through June 30, 1957, or through the date of entry into the System, whichever is later.

A member shall not receive credit under the provisions of this section for any service for which he or she is receiving a pension from any retirement system of the Government of the

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United States and/or federal agencies or of any retirement system of the Commonwealth of Puerto Rico, its agencies or instrumentalities.

Said retroactive contributions shall be made in a single payment or in the installment(s) determined by the Board of Trustees. A member's credit request for service provided to the Armed Forces under this section, if made only as to part of said service provided by him or her, may not be for less than one full year of said service, unless said service is for less than a year, and shall be as to the most recent period(s) of said service.

For purposes of the provisions of this paragraph, the following shall be considered periods of peace:

- a. From April 2, 1920 through December 6, 1941
- b. From July 26, 1947 through June 25, 1950
- c. From February 1, 1955 through August 4, 1964
- d. Any other period in which the United States was not involved in a war or armed conflict.

The phrase "regular active service" used in this section shall mean active full time service in the United States

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Armed Forces. It shall not include part-time service or periodic service provided in intervals for training or other purposes, or any other services not provided on a full-time basis, including but not limited to: weekend training, fifteen-day National Guard camps and similar camps; whether or not the member was an employee of the Authority when the military services were provided.

Notwithstanding the above, any member on active duty who is serving or has served under the Puerto Rico National Guard or the Armed Forces Reserve for the United States of America in Puerto Rico may credit the period used for basic training, up to a maximum of six (6) months, as long as he or she pays the Retirement System the actuarial value of the additional benefit for recognition of said service. (September 1, 1989)

It is further provided the term pension used in this section shall not refer to payments received by a member due to physical or mental limitations caused by service provided to the entities mentioned above when said payment is not linked in any way to a given period of service and instead is connected to the limiting condition (July 31, 1990)

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(h) Notwithstanding any contrary provision contained in these Regulations, from October 1, 1999, credit for prior service for which contributions were not paid to this System and for which credit may be received under these Regulations or any applicable special law, shall be carried out as provided herein, unless otherwise provided by the special law, in which case, everything provided herein that does not conflict with the special law shall be applied.

(i) The request for credit for service may be made at any point while the member is in active service.

(ii) The request for credit for prior service may be made for the period the member wishes or needs to credit, regardless of the creditable service worked by him or her. Whenever there is a request for partial service credit, it shall always be regarding the most recent period of said service. (Approved on February 22, 2008, Res. 2008-013).

(iii) A member requesting credit for prior time shall pay, in addition to the appropriate contributions, as provided under these Regulations or in the special law allowing the credit, the interest accrued as to said contributions at the

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regular (actuarial) interest rate, from the date said service was provided through the date the contributions are paid.

(iiii) The System shall notify the member as to the amount of accrued interest and contributions that he or she shall pay no later than six months from the date of filing the request with all of the documents required to determine that the service may be credited and to calculate the amount to be paid. If after said period has elapsed the System has not made the appropriate notice, the calculation of interest shall be interrupted from the date the six months elapse until thirty (30) days after the date the notice is sent. From the moment of sending the notice, the System shall grant a period of 30 days during which interest shall not be calculated for the member to pay the amount notified. If payment is not made in said period, calculation of interest shall resume until the total appropriate amount is paid. The payment corresponding to the contributions, plus accrued interest, may be made in a single payment or through bi-weekly discounts for a period that shall not exceed two times the period for which credit is requested, up to a maximum of ten (10) years. The Board delegates to the System Administrator the authority to make exceptions

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to the payment plan terms. Nevertheless, in situations in which credit for prior time is requested, credit for service time shall be granted when the member has paid the total contributions, plus the appropriate interest. It is further provided that in situations in which the total of the calculated payment is not complied with, only the period of time covered by the amount of contributions paid shall be credited. (Approved on August 23, 2013, Resolution 2013-039).

(9) Election of Social Security Supplement: (as amended on October 24, 1968 and May 21, 1969)

(a) Any employee who on or after July 1, 1969 is a member of the Retirement System or becomes one may, through written statement filed in the office of the Administrator of said System, elect benefits under the System that are completely supplementary to any benefits payable to him or her under the Federal Social Security Act and, in that event, the provisions of Articles 4(1)(d), 4(2)(b), 4(4) or 4(11)(c), as applicable which provide for discontinuing any retirement pension payable upon turning 65 and payment of reduced retirement pension

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at the age of 65 and afterwards, shall not apply to said member. Effective July 1, 1969 or the date on which the employee becomes a member of the System after such date the deductions of contributions paid by each member of the System to pay the contribution on his or her compensation established by the Federal Social Security Act, as provided under Article 5(1)(c) shall not be applicable to any member that makes the choice described under Paragraph (a) herein. Said written statement must be filed on or before May 31, 1969 or of expiration of the 30 days subsequent to the date on which said employee becomes a member of the System, whichever date is later, and said choice shall not be revocable under any circumstances, including any interruption in service as employee of the Authority.

It is further provided that any new member who becomes a member of the System for the first time after October 1, 1990, shall be subject to the Complete Supplement Plan with Federal Social Security (July 31, 1990)

(b) An employee who is a member or becomes a member of the Retirement System on or before July 1, 1969 and who does not make the choice described in Paragraph (a) above shall be considered to have chosen benefits under the System that are coordinated with

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any benefits payable to him or her under the Federal Social Security Act, and in that event, the provisions of Articles 4(1)(d), 4(2)(b), 4(4) or 4(11)(c), as applicable which provide for discontinuing any retirement pension payable upon turning 65 and payment of reduced retirement pension at the age of 65 and afterwards shall apply. Therefore, contributions that said members are required to make to the System under Article 5(1)(a) shall be reduced in accordance with Article 5(1)(c).

(c) Any member who fails to make the choice described in the above Paragraph (a) from the first moment that he or she was eligible to do so may, nevertheless, do so later, to enter into effect on the first day of the calendar month following his or her written statement filed to that effect in the Office of the Retirement System Administrator, as long as, however, said member pays the Retirement System a sum of money (plus interest thereon at the prevailing rate as determined by the Board of Trustees from time to time for said purposes) in an amount that, when added to the contributions made by the member to the System on or after July 1, 1969, provides the balance of the contributions that would have been required to have been made

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to the System on said date and subsequently if he or she made said choice from the first moment in which he or she was eligible to do so. Said payment shall be in a lump sum or in equal periodic installments as allowed by the Board of Trustees. Said choice shall not be revocable under any circumstance and shall not change due to any interruption in service as an employee of the Authority.

(10) Contributions of members who belonged to the Commonwealth of Puerto Rico's 2000 plan: (As amended on October 31, 2008, Resolution 2008-073)

A member may request from the System credit for service in other agencies of the Commonwealth of Puerto Rico as a participant in the Retirement Savings Account Program, created under Law No. 305 of September 24, 1999, as amended. The member must submit the request in writing and pay the System a retroactive contribution calculated on the basis of the base salary received for said service up to the limit of the compensation provided in Article 1(6). The contribution rate used for calculation shall correspond to the regular contribution that said member would have paid in accordance with Article 6(1)(a) if he or she had been a member on said date, plus employer contribution rates applicable to the Authority in accordance with Article 6(2)(a) during the period for which credit is being requested.

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Furthermore, the member shall pay actuarial interest from the moment the service was provided through the date the System receives the total savings, plus interest accrued in the other system. The amount received shall be credited to the debt and he or she shall continue to pay actuarial interest on the balance until they are paid. The member shall have 6 months from when notice is sent to pay or enter into an agreement of payment of the additional contribution. If this does not occur, there shall be credit for period of service equivalent to savings and interests transferred. If subsequently, the member wishes the difference between equivalent service and service credited in the other system to be credited, he or she shall pay the additional contribution calculated and notified through the date of the transfer, plus actuarial interest on it from the date of the transfer until the date the payment is made. Said payment may be made as a single payment or under a payment agreement, as provided in Section 2(h)(iii) of this Article.

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ARTICLE 3. CREDITABLE SERVICE

(1) Service as of retirement date, which shall be the basis for calculating pension, shall consist of the sum of all of the member's service and prior service.

(2) A member's service that may be credited under the System shall include all service as employee provided by a member since he or she joined the System, or since he or she became a member for the last time, in the event that there was an interruption in his or her membership status and as to which period the member and the Authority made contributions; PROVIDED, that it shall include all service provided by the member as an employee of the Yauco Power Plant between July 1, 1945, and the date on which said Plant was acquired by the Authority, on April 1, 1948, and for which period the member and the Authority made contributions.

(3) Prior creditable service under the System shall include all service provided, as an employee, prior to the date of implementation of the System from the last reentry into service, if there was an interruption in employment, including said service, but not limited to that provided by a member to the Authority or any natural or legal person or entity that operates any electric power

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distribution and production system or other service, transferred or acquired by the Authority prior to July 1, 1945, as long as said member was an employee of said person or entity as of the date of transfer or acquisition; PROVIDED, however, that credit shall be given for any service provided by a member to the Island and Federal Government prior to said date, which was or is acknowledged by the Authority, without taking into account interruptions therein; ALSO PROVIDED that recognition of prior service shall include all service provided by a member to the Yauco Power Plant prior to July 1, 1945, as long as said member was an employee of said Plant on the date of its acquisition by the Authority. Any employee eligible to be a member on the date of implementation of the System or who is authorized to be absent on said date and who becomes a member within the period provided under Article 2 shall be entitled to credit for prior service as long as he or she continues being a member through his or her date of retirement. Any unpaid absence lasting longer than one year which he or she had prior to the date of implementation of the System shall be considered an interruption in service, as long as the absence is excused by the Board of Trustees.

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From July 1, 1980, Employment and Salary Separation Leave authorized for a Defined Period for Union Purposes shall be recognized as creditable service, as follows:

(a) This benefit shall be granted to regular employees who are members of the Electric Power Authority Retirement System, who have a request for Employment and Salary Separation Leave authorized for a Defined Period approved by the Head of Personnel. This leave is accepted as defined and regulated in the Authority's Administrative Manual.

(b) On a biweekly basis, the Union in question shall pay the Retirement System all of the individual and employer contributions corresponding to each employee based on the salary of his or her position while he or she is using this leave in accordance with the applicable Salary Scale.

(c) Failure to pay four (4) consecutive biweekly periods of said contributions within 30 days from the date the fourth payment is due shall lead to automatic cancellation of the credit for said leave for the unpaid period.

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(d) The Union in question shall pay the Retirement System on a biweekly basis the installments corresponding to the debts that the employees have or shall have with said System who are under said leave, such as Mortgage Loans, Title I, Personal Loans and others.

(e) In situations where the Union does not make payments for the obligations mentioned above during a period of six (6) months, the Retirement System shall request from the Authority a discount for the remittance of Union fees any late payments plus interests, and that it send them to the System. This provision shall apply in cases in which the Union Leave is granted after the date of approval of this amendment. (April 30, 1983, effective July 1)

In situations involving members whose retirement is recommended due to disability, prior service may be credited while requestor is an employee of the Authority or up to sixty (60) days after the date of the orientation of the System that is coordinated and notified by the Evaluative Medical Service Section. If said service is credited, the date of effect shall be that on which the Member pays the contributions of

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said creditable service. (Approved on November 12, 2008, Resolution 2008-077)

(4) Notwithstanding any contrary provision contained in these Regulations, periods of absence in the Authority's service due to United States service for war may be credited as member service, as long as the necessary contributions are made to cover the cost of said credit either by the Authority, or jointly by the Authority and the member, as provided by the Authority itself.

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ARTICLE 4. BENEFITS

(1) Retirement Pension.

(As amended on August 20, 1952, February 9, 1955, November 23, 1955 and October 24, 1968).

(a) Any member in active service may retire upon written notice to the Board of Trustees or may be retired by said Board of Trustees upon written request sent to it by the Authority stating in either case on which date the retirement shall go into effect, which shall not be less than thirty or more than ninety days after filing said request, and it is required that as of the date specified for his or her retirement, the member turned sixty. Members who entered the System from August 1, 2000 must also have a minimum of five years of credited service. (Approved on July 10, 2000. Resolution 2000-020).

(b) Any member in active service who has turned 65 on the date of implementation of the System and any member in active service who turns 65 after the System is implemented shall retire on said date of implementation or on the first day of the following month in which he or she turns 65, as applicable, but

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may continue in service for a period of one year, upon request to the Authority and for successive periods of one year, through successive similar requests. Regardless of whether a member's services were extended through such request, the member may retire prior to submitting a request in writing to the Board of Trustees stating on what date he or she wishes to retire, which shall not be under thirty or over ninety days after submitting said request. The Board of Trustees shall retire said member on the date specified or on the first day of the following month.

(c) (As amended on August 2, 1950, and on February 1, 1967 effective January 1, 1967).

Upon retiring, after turning sixty, and after completing five years of credited service, if the member entered the System after August 1, 2000, he or she shall receive a pension which for members with twenty or less years of credited service and five thousand dollars (\$5,000) or less of average final compensation shall be equal to the sum of one and four percent of the average final compensation plus twelve dollars and fifty cents (\$12.50), multiplied by the number of the member's credited years of service. A member with over twenty years of service and five thousand dollars (\$5,000) or less of average

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final compensation, shall receive a pension equal to the amount resulting from the use of the formula described above for the first twenty years of credited service added to the result of two percent of the average final compensation multiplied by the number of years in excess of credited service of the member. Members who have a final average compensation of over five thousand dollars (\$5,000) shall receive a pension equal to one and a half percent of his or her final average compensation multiplied by the first twenty years of the members credited service, plus two percent of said final average compensation multiplied by the number of the member's credited years of service in excess of twenty (Approved on July 10, 2000, Resolution 2000-020).

(d) If the member is totally insured under the Federal Social Security Act and, in accordance with Article 2(9), has refrained from electing benefits under the System which are completely supplementary to any benefits payable to him or her under said Social Security Act, the pension payable under Paragraph (c) of this Article shall be discontinued when the member turns 65. From then on, and until he or she turns 80, the member shall receive a retirement pension that shall consist of: one percent (1%) of his or her

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average final compensation up to four thousand two hundred dollars (\$4,200), plus one and a half percent (1½%) of the portion of said compensation in excess of four thousand two hundred dollars (\$4,200), plus two dollars (\$2.00) multiplied by the number of years of creditable service, plus half of one percent (0.5%) of his or her final average compensation multiplied by the number of years of creditable service in excess of twenty: IT IS FURTHER PROVIDED, that retirement pension payable after the member turns 65 and until he or she turns 80 shall not be lesser than the benefit the member would otherwise be entitled to receive in accordance with the accrued assets withheld in the System in his or her account as of January 1, 1955; and PROVIDED FURTHER that in no event shall the retirement pension plus benefits received by a member under the Federal Social Security Act when he or she turns 65 until he or she turns 80 shall be lesser than the retirement pension that a retired member receives until he or she turns 65. Once the member turns 80 the calculation of the pension that he or she was receiving until he or she turns 65 shall be reestablished (approved on June 28, 2001, Resolution 2001-026)

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(e) The maximum service pension payable to a member before or after turning 65 shall be seventy-five percent (75%) of his or her final average compensation.

(2) **Disability Pension.**

(a) (As amended on August 22, 1946). Any member in active service who has completed five or more years of creditable service may be retired with a disability pension by the Board of Trustees through a request to the Authority or through his or her own request. The date of effect of the disability pension if granted shall be established by the Board of Trustees. The Board of Trustees shall not grant a disability pension until one or more of the doctors designated by it certify that the member is totally disabled, mentally or physically, from continuing to perform his or her work duties, that said disability is probably permanent and that said member should retire. Effective on January 1, 1993, if the member started to work in the Authority from that date and his or her disability has not been certified by the State Insurance Fund as related to the work, a minimum of 10 years of credited service shall be required in order for him or her to be entitled to a disability pension in accordance with

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paragraph (b) of this Section. (Approved on January 14, 2000, Resolution 2000-003).

(b) In the event of retirement due to disability, the member shall receive a disability pension as determined under Article 4(1)(c) if he or she has turned sixty (60) and has at least twenty-five (25) years of credited service or an Annual Merit Payment or Reduced Merit Payment if he or she has twenty-five (25) years or more of credited service, in accordance with these Regulations; (Amended; Approved on August 17, 2000, Res. 2000-030); otherwise, he or she shall receive a disability pension determined in accordance with this Paragraph (b) as follows: The disability pension shall be equal to ninety percent (90%) of the pension that he or she would have been entitled to for the same period of service if the member retired with service pension in accordance with Article 4(1)(c); PROVIDED, however, that if the resulting retirement pension is lower than twenty per cent (20%) of the final average compensation, the disability pension shall be equal to twenty percent (20%) of the final average compensation, except that in no event may it exceed ninety percent (90%) of the retirement pension that the member would have received in accordance with Article 4(1)(c) if he or she had remained in active service until he or she

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turned sixty (60). Starting on July 1, 1969, if the member was fully insured under the provisions of the Federal Social Security Act and failed to elect under Article 2 (9) beneficiaries under the System who are completely supplementary to any benefits payable to him or her under said Social Security Act, the disability pension determined in accordance with the prior sentence shall be discontinued when he or she turns 65 and from then until the member turns 80 he or she shall receive disability pension calculated in accordance with Article 4(1)(d). Once the member turns 80 the calculation of the pension that he or she was receiving until he or she turned 65 shall be reestablished. (Approved on May 20, 2011, Resolution 2011-025).

(c) Any member in active service who, if it were not for the fact that he or she does not have five years of credited service, or ten years if he or she began to work in the Authority on or after January 1, 1993, and his or her disability has not been certified by the State Insurance Fund as work-related, would have been eligible for a disability pension under paragraphs (a) and (b) of this Section, shall be entitled upon request and decision of the Board of Trustees as provided in paragraph (a), instead of any other benefits

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provided under these Regulations, to receive a pension payable in a lump sum determined in accordance with the tables included below, based on the number of years of credited service by the employee at the moment of retirement due to disability. Besides the lump sum so calculated, the member's accrued contributions shall be returned to him or her.

Table for work-related disability cases as certified by the State Insurance Fund or for any disability if the member began to work in the Authority before January 1, 1993:

NUMBER OF YEARS OF CREDITED SERVICE	BENEFIT
Less than one year	20% of annual compensation
One year or more, but less than two	40% of annual compensation
Two years or more, but less than three	60% of annual compensation
Three years or more, but less than four	80% of annual compensation
Four years or more, but less than five	100% of annual compensation

Table for non work-related disability cases under the State Insurance Fund, if the member began to work in the Authority from January 1, 1993:

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NUMBER OF YEARS OF CREDITED SERVICE	BENEFIT
Less than one year	10% of annual compensation
One year or more, but less than two	20% of annual compensation
Two years or more, but less than three	30% of annual compensation
Three years or more, but less than four	40% of annual compensation
Four years or more, but less than five	50% of annual compensation
Five years or more, but less than six	60% of annual compensation
Six years or more, but less than seven	70% of annual compensation
Seven years or more, but less than eight	80% of annual compensation
Eight years or more, but less than nine	90% of annual compensation
Nine years or more, but less than ten	100% of annual compensation

If a member that retires due to disability in accordance with the provisions of this section returns to active service and once again becomes a member of the System, the provisions of Section 6(b)(ii) of this Article, first option, shall apply to him or her, and he or she shall reimburse the lump sum received in accordance with the above tables, plus the returned accrued contributions and interest accrued at the actuarial rate on both sums in order for the years of service credited as of his or her first retirement to be restored. In the event that the member chooses not to return the benefit of the lump sum plus the contributions that were returned to him or her, he or she will not receive credit for prior service and the benefit

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corresponding to the lump sum shall be deducted from the benefit for Retirement or death to which said member is entitled on the date of his or her second retirement. (Approved on January 14, 2000, Resolution 2000-003).

(3) **Year of Salary Benefit.** (Entire text amended through Resolution 2005-062, approved on November 18, 2005).

(a) **Death during Active Service**

When the System receives satisfactory evidence of the death of a member in active service it shall pay his or her appointed beneficiary or beneficiaries, or if there are none, his or her heir(s), the Year of Salary Benefit provided herein.

(b) **Retirement**

Any member who is granted a retirement pension in accordance with the provisions of these Regulations shall also be entitled to receive the Year of Salary Benefit provided herein unless the retirement pension is granted under Section (4) of this Article and if on the date of effect thereof the member does not have fifteen (15) years of credited service, or when it is granted under Section (2) of this Article and on the date of retirement due to disability the member does not have five (5) years of credited service or ten (10) years of credited service, if he or she began to work in the

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Authority from January 1, 1993, and the disability is not related to a work accident as certified by the State Insurance Fund Corporation.

The member may opt to receive a hundred percent (100%) of this benefit, on the date of his or her retirement, or receive fifty percent (50%) of said amount upon retirement and the remaining fifty percent (50%) on any subsequent date, or that his or her designated beneficiary (or beneficiaries) or heir(s) upon his or her death. If the member retires from service with over fifteen (15) years of credited service and opts to leave his or her accrued contributions in the System in order to receive a retirement pension when he or she turns sixty (60) in accordance with the provisions of Section (4) of this Article, he or she shall collect the Year of Salary Benefit when he or she turns that age and his or her retirement goes into effect, except as provided under Section (9)(c) of this Article. In the event that the Member dies before turning sixty (60), his or her appointed beneficiary (or beneficiaries) or heir(s) shall not be entitled to receive the Year of Salary Benefit and shall only be entitled to receive the member's contributions accrued as of the date of his or her separation from service, after deducting any debt guaranteed by said contributions.

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(c) **Calculation of the Benefit**

The Year of Salary Benefit shall be equal to the compensation that the member earned the year immediately prior to his or her separation from service in the Authority, except, when the member dies in active service and on the date of death has less than one year of credited service; when the retirement pension is granted under Section (1) of this Article and the member has less than fifteen (15) years of credited service and when the member began to work in the Authority on or after January 1, 1990 and the member did not provide part of the minimum amount of credited service required under these Regulations for the member to be entitled to receive this benefit at the Authority. In the event of these three exceptions, the benefit shall be determined as follows:

(i) Death during active service with less than one year of credited service.

When on the date of his or her death in active service the member has less than one year of credited service, the Year of Salary Benefit shall be equal to the compensation that the member received for credited service, plus an amount equivalent to the

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additional compensation that he or she would have earned if he or she remained in active service until he or she finished a year of credited service.

(ii) Retirement under Section (1) of this Article with less than fifteen (15) years of credited service.

When the member receives a retirement pension in accordance with Section (1) of this Article and has less than fifteen (15) years of credited service, the Year of Salary Benefit shall be calculated as if he or she had completed the required fifteen years of credited service and it shall be multiplied by the proportion of his or her years of credited service over fifteen. The result will be the benefit to be paid.

(iii) Part of the minimum period of credited service was not provided at the Authority.

When a member who began to work in the Authority on or after January 1, 1990 receives a retirement pension in accordance with the provisions of these Regulations and part of the minimum required credited service for the type of pension granted was not carried out at the Authority, the Year of Salary Benefit shall be the result of the following steps:

- The proportion between the years of credited service worked at the Authority and

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the minimum period of credited service required for the retirement rate given to the member. If the pension is for disability and the member began to work in the Authority before January 1, 1993 or began after said date, but the disability is related to a work accident certified by the State Insurance Fund Corporation, the minimum required time is five (5) years. If the member began to work at the Authority from January 1, 1993 and the disability is not related to a work accident certified by the State Insurance Fund Corporation, the minimum required period is ten (10) years. If the member was granted a retirement pension under Section (1) of this Article or a deferred pension under Section (4), the minimum required time is fifteen (15) years. If the retirement pension

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granted is actuarial under Section (4), the minimum required period is twenty (20) years. If the member was granted a reduced merit pension (in accordance with Resolution 99-147 of the Board of Trustees approved on October 14, 1999) the minimum required time is twenty-five (25) years. If the member received a merit annual payment under section (11) of this Article or under Resolution 99-147, the minimum time required is thirty (30) years.

- The proportion obtained in accordance with the first step is multiplied by the compensation earned by the member the year immediately prior to the date of his or her separation from service at the Authority.
- The years of credited service worked at the Authority are subtracted from the minimum period of credited service required in accordance with the type of retirement granted and the

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proportion between this result and the minim required credited service is obtained.

- The proportion obtained in the prior step is multiplied by the salary or base pay received by the member during the last year of credited service not worked at the Authority used as a base for calculation of the contribution that the member paid for his or her accreditation.
- The results obtained in the second and fourth steps are added and this shall be the benefit to be paid.

In every case, prior to making payment of all or part of this advance benefit, the System shall deduct any balance owed by the member to the System secured by it, up to the amount of the benefit to be paid.

(d) Contribution by the Member

Members make a contribution to the System which is sufficient to cover the total cost of this benefit. The contribution shall be equal to 2.40% of their compensation or of the salary or base pay

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which served as a basis for the calculation of his or her contribution for accreditation of service not provided at the Authority or as to which contributions were not paid to the System as of the date provided. This contribution shall be deducted by the Authority from the compensation of active members, in addition to and in the same manner as the contribution provided under Article 5, Section (1). The total contribution of the members, including that which corresponds to this benefit, shall be 9.06% for members who began to work in the Authority prior to January 1, 1993 and 11% for those who began to work in the Authority after said date. The retroactive contribution required for accreditation of service as to which contributions were not paid to the System as of the date in which said service was provided shall be paid by the member to the System in a single payment, unless the member requests and is granted a payment agreement through authorization of discount from salary, as provided under Article 2(8)(h).

(e) Advance Collection of Benefit.

The Year of Salary Benefit may be collected in advance by any member in active service who has twenty (20) or more years of credited service, if he or she is under sixty (60), or fifteen (15) or more years of credited service if he or she is sixty (60) or older. The request for advance payment shall be submitted in writing to the

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System and the amount to be paid shall be that which the member would be entitled to, in accordance with the provisions of this Section, taking the date of the request as the retirement date. Any member that has a personal loan in effect with the System shall have to pay it prior to receiving payment of this benefit in advance, or the System shall deduct the balance of the loan that he or she has on said date from the benefit to be paid.

Members who request payment of the Year of Salary Benefit in advance shall be required to choose in the application one of the following two alternatives:

(i) Not collecting any difference for this benefit on his or her retirement date.

(ii) Receiving on his or her retirement the difference between the amount of the Year of Salary Benefit collected in advance and the amount that he or she would be entitled to receive for this benefit on the date of his or her retirement.

Once the member opts for payment of the benefit in advance under the alternative selected, it shall be irrevocable. The cost of receiving this benefit in advance shall be paid by the member who, from receipt thereof and through the date of his or her death in active service or of his or her retirement, shall pay the System an additional

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contribution beyond what is provided under paragraph (d) of this Section and in Article 5(1) to cover the total cost for the System to pay this benefit in advance. This additional contribution shall be calculated separately for members who began to work in the Authority prior to and on or after January 1, 1993. For both groups of members, the Board shall determine the rates of additional contribution depending on the alternative that the member selected from the two mentioned in the above paragraph. The rate of additional contribution applicable to each alternative within each group shall be based on a study according to experience carried out by the System Clerk, at least once every three years, such that members who opt for the benefit in advance pay the total cost for the System to advance said payment. The new rates of additional contribution that are calculated in this manner shall apply to members who request the benefit in advance, once they enter into effect, as well as to members who requested or collected it previously, except, if prior to July 1, 2001 they opted for the first choice that does not provide for collecting the difference in the benefit on the date of retirement. For these members, the additional contribution shall remain at .45% until their retirement or death while in active service. Whenever the Board of

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Trustees revises the applicable additional contribution rates it shall inform active members in writing and the new contribution rates shall enter into effect thirty (30) days after said notice.

If a member passes away during active service after collecting the Year of Salary Benefit in advance, his or her designated beneficiary or beneficiaries or heir(s) shall be entitled to receive the contributions accrued as of the date of death after deducting the additional contribution provided herein plus current interest accrued thereon.

If a member retires from service for a reason other than retirement or death, after having collected the Year of Salary Benefit in advance, his or her contributions accrued in the System shall be returned after deducting therefrom the contribution paid in accordance with paragraph (d) of this Section, plus the additional contribution provided herein plus current interests accrued on both contributions.

(f) **Return of Excess of Accrued Contributions.**

If a retired member dies without the pension payments received as of the date of his or her death reaching the amount of contributions accrued in the System, after deducting

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twenty-five percent (25%) for the cost of the Year of Salary Benefit plus the additional contribution and current interests accrued thereon, if he or she collected said benefit in advance, the excess of the contributions shall be given to his or her heir(s) as long as he or she did not choose an optional benefit under Section (7) of this Article, in which case the terms of the option selected shall govern; or if he or she does not have a surviving spouse or minor or disabled children entitled to the Surviving Spouse Benefit, as provided in the Regulations for the Administration of the Surviving Spouse Benefit in effect on such date. (Approved on November 18, 2005, Resolution 2005-062).

(4) Interruption in Service.

(As amended on January 29, 1960 and on October 24, 1968). Any member who stops being an employee for any reason other than death or retirement under Sections (1), (2) or (11) of this Article 4 shall be entitled to receive within sixty (60) days after filing a request to that effect a lump sum of money equal to the amount of his or her accrued contributions through the date in which he or she stops being an employee. If the member provided ten or more years of creditable service, he or she may, instead of receiving said lump sum of money, choose to leave the accrued

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contributions in the System, in which case he or she shall be entitled to receive upon turning sixty (60) a retirement pension determined based on his or her final average compensation and creditable service through the date in which he or she stopped being an employee, calculated in accordance with Article 4(1)(c). In the event that the member chooses to leave his or her accrued contributions in the System in order to be entitled to receive the benefit for separation and if when turning 65 years of age is fully insured under the Federal Social Security Act and failed to elect, in accordance with Article 2(9) benefits under the System which are completely supplementary to any benefits payable to him or her under said Social Security Act, his or her retirement pension shall be discontinued upon turning 65. From then on until turning 80 the member shall receive a service pension calculated as provided under Article 4(1)(d). Once the member turns 80 the calculation of the pension that he or she was receiving until turning 65 shall be reestablished, PROVIDED, however that on or after June 21, 1982, upon turning 60, instead of receiving said pension, as provided above, members after 20 years of service may opt to receive:

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(1) A monthly pension of actuarial value equal to the pension that he or she would otherwise be entitled to, to go into effect from the moment of his or her separation from the Authority, assuming that when turning 65 the member is fully insured under the Federal Social Security Act. If when the member turns 65 he or she is not fully insured under the Federal Social Security Act then starting on the date he or she turns 65, once he or she submits the appropriate evidence, the monthly pension shall be increased in the amount of the difference between the deferred pension calculated in accordance with Article 4(1)(c) and Article 4(1)(d).

(2) or he or she may choose to receive a monthly pension of an actuarial value equal to the pension that he or she would otherwise be entitled to from the moment of his or her separation, assuming that when he or she turns 65, the member is not fully insured under the Federal Social Security Act. If when turning 65 said member is fully insured under the Federal Social Security Act then from the date he or she turns 65, once he or she submits the appropriate evidence, the pension shall be reduced in the amount of the difference between the deferred pension calculated in accordance

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with Article 4(1)(c) and Article 4(1)(d). (Approved on June 28, 2001, Resolution 2001-026)

(5) Exams of Members who Retire due to Disability

(a) Once a year, after the retirement of a member who retires due to disability, the Board of Trustees may require, and upon request of the member or the Authority, shall request from any retired member who has not turned sixty and is receiving a disability pension, that he or she submit to a medical exam by a doctor or doctors appointed by the Board, and said exam shall be carried out in the residence of said retired member, or in any other place chosen through mutual agreement. If the retired member refuses to submit to said medical exam, his or her pension may be suspended while he or she refuses to submit to said exam, and if said refusal continues for one year, any right that he or she may have as to the part of his or her pension contributed by the Authority shall cease.

(b) If the medical exam reveals that the disability of the retired member who has not turned sixty has ceased and he or she has recovered his or her ability to work, the part of his or her pension contributed by the Authority may be suspended or if the disability has been partially cured and his or her capacity to work has been

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partially restored, said part of his or her pension may be reduced. In the event that a disability pension is suspended or reduced and the retired member has another disability and once again loses his or her ability to work, in the five years following the date of suspension or reduction, said member shall be entitled to request from the Board of Trustees that his original pension be restored and the Board may at its discretion restore all or part of said original pension.

(6) Readmission into Active Service

(a) New Appointment as Employee

If a member is separated from service with the Authority and then returns as an employee, he or she shall be an active member from the date of his or her new appointment as employee

(b) Members Separated from Service Without Signing Up for a Pension

(i) A member that has been separated from service without a right to receive a pension or lump sum for disability in accordance with Article 4(2)(c) who has not withdrawn his or her Accrued Contributions and who returns to service as an Employee before six months pass from terminating his or her employment, shall have all Credited Service on the date of separation from employment

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recognized. All of the provisions of the Regulations shall apply to this member as if the interruption in the Member's Service did not occur.

(ii) A member who has been separated from service in the Authority without signing up for a Pension and who withdrew his or her Accrued Contributions or who did not withdraw his or her Accrued Contributions but six months elapsed from the end of his or her employment or who retired and received a lump sum, in accordance with Article 4(2)(c) if he or she returns to service as an Employee, shall be considered for all purposes a new Employee and Member. In the event that he or she has not withdrawn his or her Accrued Contributions, any Credited Service that he or she had on the date he or she was separated from employment shall be credited once again. A member who has withdrawn his or her Accrued Contributions and/or received a lump sum in accordance with Article 4(2)(c) may request credit for credited service that he or she had when he or she was separated from employment in accordance with Article 2(8).

(c) Members Separated from Service who Opt for a Deferred Pension

A Member who was separated from service in the Authority with a right to a Deferred Pension and who opted to leave

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his or her Accrued Contributions in the System, if he or she returns to service as an Employee before starting to receive a Deferred Pension, any credited service that he or she had in the System on the date he or she was separated from service shall be recognized and the provisions of the Regulations shall apply as if the interruption in the Member's Service had not occurred.

(d) Members Separated from Service and who are Receiving a Pension

(i) Any Member who has been separated from Service in the Authority and who is receiving a pension and reenters service as an Employee shall be subject to an immediate cancellation of all Pension payments he or she is receiving at the time.

(ii) A Member who after he or she is receiving a Pension reenters service as an Employee shall be considered for all purposes as a new Employee and Member.

(iii) As of the date of the Member's second retirement, he or she shall receive a Pension from the System that is equal to the Pension that he or she received prior to his or her reentry into service as an Employee, plus pension accrued as a new Member for Service credited after reentry.

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(e) Members Separated from Service After Collecting the Year of Salary Benefit

Member's who reenter Service as Employees after collecting Year of Salary Benefit shall be entitled to receive on the date of separation from Employment an additional Year of Salary Benefit calculated in accordance with Article 4(3)(c) multiplied by the proportion of Credited Service provided after reentry divided by 15 years, which shall be no greater than 100%. (Approved on April 20, 2001, Resolution 2001-010).

(7) Optional Benefits in Substitution of Regular Benefits

Before the first pension payment becomes due, any member may opt to turn the pension into an equal actuarial value pension under any of the optional formats mentioned below; PROVIDED however that no choice for an optional benefit shall be effective until after thirty days from the date of submitting the option to the Board of Trustees or until thirty days from withdrawal (whichever happens later) and if the member dies before said option enters

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into effect the benefits to be paid to his or her account shall be the same as those provided in this Article.

OPTION NO. 1 – Payment of a reduced pension during the life of a pensioner with a provision to the effect that upon the pensioner's death said pension shall continue and be paid for a lifelong term to the person appointed by him or her in an appropriately acknowledged document submitted to the Board of Trustees on the date of his or her retirement, if the person survives him or her.

OPTION NO. 2 – Payment of a reduced pension during the life of the pensioner on the condition that after his or her death a pension equal to half of the member's reduced pension shall continue to be paid for a lifelong term to the person designated by him or her in an appropriately acknowledged document submitted to the Board of Trustees on the date of his or her retirement if the person survives him or her.

Persons who receive a pension in accordance with the provisions of Options 1 and 2 shall not be entitled to receive the Christmas Bonus and Automatic Raise benefits every three years. (Approved on January 14, 2000, Resolution 2000-001).

It is further provided that a member who exercises any of the options mentioned above shall be entitled to a restitution of

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the pension to which he or she would have been entitled if he or she had not exercised said option on the month following the death of the designated beneficiary. (July 31, 1990) or when so requested from the System. (Approved on October 4, 1991, Resolution 91-096).

It is further provided that the member may change the beneficiary in the option selected only in the event of death, divorce or disinheritance; requesting this in writing from the Administrator of the Retirement System and agreeing to assume the cost of the actuarial study that said change entails. It shall enter into effect within 30 days from the request and payment of costs of the study. If the member dies before the process concludes, the request for change of beneficiary shall be cancelled. (Approved on November 17, 1998, Resolution 98-101)

(7A) Option of Benefit for Death during Active Service instead of Return of Contributions (Complete text approved on January 10, 1996, Resolution 96-009).

(a) The benefit to be offered is an additional option that the member shall have that he or she may choose or revoke at any point and which shall additionally amend the rights provided in the System Regulations, which authorizes the return

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of the contributions of any member who dies before his designated beneficiaries or heirs.

(b) The person to whom the member is legally married on his or her date of death shall be considered the surviving spouse for purposes of determining the right to this Benefit;

(c) The benefit paid to the surviving spouse and minor children shall never be lower than the total contributions made by the member;

(d) If there are remaining contributions and there is no widow or children entitled to receive said benefit, the remainder shall be paid to the heirs of the deceased member;

The benefit for members with less than thirty years of credited service shall be as follows:

(a) The member shall have the option to select that upon his or her death, his or her designated beneficiaries or heirs receive, instead of a return of contributions, payment of \$175 per month for life for the spouse and an equal sum for each of his or her children

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that are under 18 or totally disabled to perform remunerated work.

(b) The total to be paid per month shall not exceed \$700 under any circumstances.

(c) When the total of the calculation of the rights of the surviving spouse and children exceeds \$700, \$700 shall be split between the number of beneficiaries.

(d) The spouse shall be entitled to receive his or her monthly payment while he or she remains unmarried.

The benefit for Death while in Active Service for the surviving spouse and children under 18 or who are totally disabled for members who have thirty years or more of credited service and while they are in active service shall be as follows:

(a) Any members of the System with thirty years or more of credited service who notify the Administrator in writing may opt to receive this benefit.

(b) The amount of the benefit shall be equal to 30% of what the final average pension would be upon their death.

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(c) Members who request in writing to receive this Benefit shall not be entitled to have their designated beneficiaries or heirs receive their contributions.

(d) For purposes of determining the right to this benefit, the surviving spouse shall be the person to whom the member was legally married upon his or her death.

(e) The surviving spouse shall be entitled to receive the benefit as long as he or she does not remarry.

(8) Benefit for Compensation Deducted from Pensions

Any amounts that, under the provisions of any worker compensation act or similar law, are paid or payable by the Authority to a member or his or her dependents for any disability or death shall be discounted and shall be considered a payment instead of any benefits payable from the funds provided by the Authority in accordance with the provisions of these Regulations for the same disability or death. In the event that the effective value of the total of the benefits payable under said worker compensation act, or similar law, is less than the reserve of the benefits that would be paid from funds provided by the Authority

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under these Regulations, then the effective value of said payments shall be reduced from the reserve and the resulting sum reduced in this manner shall be paid in accordance with the provisions of these Regulations.

(9) **Loans to Members**

(As approved on April 28, 1948). In the event that loans are made to active or retired members under the provisions of Article 7 (2)(a) of these Regulations, the following benefits payable under the provisions of this Article may be used to secure payment of said loans, as follows:

(a) The accrued contributions of a member shall be reduced in an amount equal to what said member owes of a loan, including interest, in any event in which contributions are required to be returned to said members.

(b) Effective January 1, 2006 if on the date of retirement a member owes on a personal loan, the System shall deduct the amount owed from the payment of the Year of Salary Benefit to which said member is entitled. If said payment is not enough to cover the amount owed of the loan, the balance owed shall be deducted from the amount to be paid by the member for Death, Retirement or Disability Benefits from the Special Fund

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created by the Authority in the Retirement System. However, it is further provided that if the member has a personal loan whose balance on the date of retirement exceeds fifty percent (50%) of the Year of Salary Benefit and he or she chooses to only collect fifty percent (50%) of this benefit on his or her date of retirement, and leave the remaining fifty percent (50%) in the System, he or she shall be required to do so under the following conditions:

(i) On the date of retirement, the balance of the loan shall be paid up to fifty percent (50%) of the Year of Salary Benefit paid.

(ii) The balance of the personal loan exceeding fifty percent (50%) of the Year of Salary Benefit paid shall be paid by the member during the year immediately after his or her retirement through payment of interest plus contributions to the principal, as determined by him or her, or exclusively through payment of accrued interest. The form of payment shall be determined on the date of retirement and monthly payments agreed upon shall be automatically discounted from the member's pension.

(iii) After a year from the member's retirement, if he or she still has a pending balance on his or her personal loan, the System

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shall proceed to liquidate the balance of the loan against fifty percent (50%) of the Year of Salary Benefit that he or she left in the system and pay him or her the remainder of the benefit, if any. If there is any balance of the personal loan after liquidating the Year of Salary Benefit, the member accepts that said balance plus the interest accrued thereon, if any, is discounted from his or her pension automatically through monthly installments not to exceed the maximum amount allowed by law. (Approved on January 30, 2006, Resolution 2006-001, amended Resolution 2005-069 of December 29, 2005).

(c) (As amended on April 25, 1951). In the event that a retired member dies after settling a loan, the death benefit to which his or her beneficiary or heirs are entitled will be reduced in an amount equal to what said member owes including interest.

(d) (Added on March 24, 1958). From January 1, 1958, notwithstanding any contrary provision contained in these Regulations any member who upon turning 60 is entitled to receive a pension under the provisions of Section (4) of this Article after completing ten (10) years or more of creditable service prior to the date in which he or she ceased to be an employee, and

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opted to leave his or her accrued contributions with the System and who owes the Retirement System on a loan, said member shall be allowed to pay said debt and will in this manner become entitled to the complete amount of the pension for service upon turning 60; PROVIDED, however, that if he or she does not promptly make two (2) consecutive monthly payments within 30 days from the date the second payment is due, the difference between the amount of his accrued contributions and the balance of the debt shall be returned to him or her instead of any other benefits under the Retirement System.

(Approved on January 28, 2002, Resolution 2002-001 to add paragraphs (e) and (f) to Section 9).

(e) When the loan granted to an active or retired member is a personal loan, it shall have a risk coverage up to a maximum of \$10,000. This risk coverage shall be known as the Personal Loan Coverage Benefit. For active members the risks covered are death, physical disability, and emotional disability as a consequence of a related physical accident by the State Insurance Fund. Retired members shall only have coverage for risk of death.

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To finance the cost of this benefit, a fund shall be created in the Retirement System known as the Personal Loan Coverage Benefit Fund. Contributions to this Fund shall come from the Authority, from the General System Fund and from members to whom personal loans are granted, in the following proportion:

- (i) \$150,000 per year from the Retirement System
- (ii) \$150,000 from the Authority
- (iii) Any amount necessary to cover the cost of the benefit as determined annually by the Board of Trustees based on prior experience, shall be approved by the members along with periodic payment of principal and interests on the loan.

(f) Nevertheless, any contrary provision in these Regulations, in the event that a member makes an approved request for a Voluntary Separation from Employment Leave and Salary for a Specified Period to provide service in another government entity in accordance with the Authority's Administrative Manual, and still owes

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part of his or her obligation for non-mortgage loans, shall be obligated to settle it or may, if he or she so desires, authorize his or her new employer to withhold it from his or her salary and pay the System the agreed-upon periodic payments in accordance with the promissory note signed on the date of execution of the loan. In the event that the member is granted this leave for any other purpose for a period not to exceed a year, during which period the member is not earning income, the Administrator is authorized to leave collection of payment of principal and interest corresponding to the period of unpaid leave pending until said member returns to work at the Authority, resigns from employment or retires, as appropriate. However, it is further provided that in these cases, the member shall be required to pay the proportional part of the contribution corresponding to the Personal Loan Coverage Benefit in advance on a quarterly basis, calculated as to the remainder of the debt as of the date of effect of the unpaid leave and further provided that if payment is not made within thirty (30) days after the start of each quarter, the loan shall not be covered by the aforementioned benefit. In the event that the member returns to work at the Authority as of the termination of said leave, he or she shall pay the System the interest due corresponding to the loan for the

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duration of the period of unpaid leave. (Approved on January 28, 2002, Resolution 2002-001).

(10) Special Provisions Applicable to Former Members who Retired or Resigned from Service prior to July 1, 1969. (As amended on October 24, 1968 and on May 21, 1969).

(a) The complete retirement pension as calculated in accordance with the provisions of Article 4(1)(c), 4(2)(b), 4(4) or 4(11)(b), as applicable, which at present is being paid or pending payment to any former member of the System who retired or was separated from service prior to July 1, 1969, and who has not turned 65 prior to said date, shall continue to be paid in full when he or she turns 65 and subsequently and the provisions of Articles 4(1)(d), 4(2)(b), 4(4) or 4(11)(c), which provide for payment of a reduced retirement pension when the member turns 65 and subsequently, shall not be applied to said member.

(b) Starting with the first retirement pension payable on or after September 1, 1968, the retirement pension payable to any former member of the System who retired or was separated from service prior to July 1, 1969,

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effective September 1, 1968, when he or she turns 65, whichever of said dates is later, the amount that said member would have been entitled to if not for the reduction, if any, shall be increased in the amount of the pension due to application of Article 4(1)(d).

(c) Any former member who is sixty (60) years old as of September 1, 1968 who opted for the "Separation Benefit" provided in Section (4) of this Article and still has not started to receive retirement pension benefits but is entitled to start to receive a separation pension on or after completing thirty (30) years or more of creditable service and on or after turning 55 shall be entitled to receive, instead of any other benefit, on or after September 1, 1968, as applicable, an Annual Merit Payment for Thirty Years or More of Creditable Service, calculated in accordance with Paragraph (b) of Article 4(11) or, if his or her separation occurred after having completed thirty (30) years or more of creditable service and on or after turning 52, shall be entitled to receive a Reduced Annual Merit Payment calculated as provided in Paragraph (d) of Article 4(11).

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(d) Any former member who turns sixty (60) or over on or after September 1, 1968, who opted for the "Separation Benefit" provided under Section (4) of this Article and who still has not started receiving retirement pension payments but is entitled to start to receive a separation pension on or after September 1, 1968, if his or her separation occurred after completing thirty (30) years or more of creditable service, shall be entitled to receive, instead of any other benefits, on or after September 1, 1968, as applicable, an Annual Merit Payment for Thirty Years or More of Creditable Service calculated in accordance with Paragraph (b) of Article 4(11).

(11) Annual Merit Payment for Thirty Years or More of Creditable Service.

(a) Effective July 1, 1973, any member in service who has 30 years or more of creditable service may retire with an Annual Merit Payment for Thirty Years or More of Creditable Service in accordance with this Section (11) instead of any other benefits in the Retirement System upon written request to the Board of Trustees or may be retired by said Board through written request of the Authority and in both cases the request shall indicate on what

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date retirement shall enter into effect, which shall be no less than 30 nor more than 90 days after said request is filed.

(b) Pension payable to a member upon his or her retirement with an Annual Merit Payment for Thirty Years or More of Creditable Service shall be equal to seventy-five percent (75%) of his or her final average compensation, unless modified under paragraph (c) of this Section (11). A member in service as of July 1, 1973 with more than thirty (30) years of creditable service on that date shall receive an additional amount in his or her pension equal to two percent of his or her final average compensation multiplied by the number of years of creditable service through July 1, 1973 in excess of thirty (30). Years of service provided prior to July 1, 1973 for which the member in service receives credit in harmony with the System Regulations or under applicable legislation of the Commonwealth of Puerto Rico and which results in an accrual in excess of thirty (30) years of creditable service as of July 1, 1973 if the member paid for these shall be considered years of creditable service in excess of thirty (30) as of July 1, 1973 if the member pays the System the appropriate contributions plus interest, if any. Years of service provided subsequent to

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July 1, 1973 in excess of thirty (30) shall only be considered for purposes of calculating the final average compensation.

(c) If a member is fully insured under the Federal Social Security Act and he or she has failed to opt for benefits in the System under Article 2(9), which are completely supplementary to any benefits payable to him or her under said Social Security Act, the pension payable under the prior paragraph (b) shall be discontinued when he or she turns 65. From that point on and until the member turns 80 he or she shall receive a retirement pension which shall consist of the following:

(i) One and a half percent (1½ %) of any part of his or her final average compensation that does not exceed \$4,200 plus \$2.00, multiplied by the number of years of his or her creditable service; plus

(ii) Seventy-five percent (75%) of the part of his or her final average compensation in excess of \$4,200; plus

(iii) For members who are in service as of July 1, 1973 with more than (30) years of creditable service on said date, two percent (2%) of any portion of his or her final average compensation in excess of \$4,200, multiplied by the number of years of creditable service through July 1, 1973 in excess of thirty (30).

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PROVIDED, however, that said retirement pension plus benefits payable to the member under the Federal Social Security Act after turning 65 and until he or she turns 80 shall not be less than the retirement pension payable to the member in accordance with the provisions of the above paragraph (b) prior to turning 65. Once the member turns 80 years old, the calculation of the pension that he or she was receiving until he or she turned 65 shall be reestablished. (Approved on June 28, 2001, Resolution 2001-026).

(d) The Annual Merit Payment for Thirty Years or More of Creditable Service pension payable before or after the member turns 65 under this Section (11) shall in no case be greater than eighty-five percent (85%) of the final average compensation of said member.

(12) Minimum Monthly Pension and Christmas Bonus

From January 1, 1984, the sum of \$180.00 is established as a minimum monthly pension payable to members who retire under the provisions of this Article 4, except for those that are actuarial in nature and those given to Retired Members under sections (1) and (2) of this Article when the member has not completed 10 or more years of creditable service (September 1, 1989)

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(a) Members who retire under the provisions of this Article 4, other than those that opt for an actuarial pension and those who retire in accordance with sections (1) and (2) of this Article, when they have ten or more years of service credited, shall receive a minimum monthly pension of \$180.00, notwithstanding any other provision of these Regulations. (Approved on September 14, 2000, Resolution 2000-041)

(b) In order to cover the cost of this benefit, a Special Fund has been created which shall receive half a percent (.50%) of interests collected annually on Personal Loans granted to the members.

(c) The first Friday of the month of December of each year, the System shall give a Christmas Bonus of four hundred (400) dollars (Christmas Bonus) to all retired members who, during said year are not entitled to receive a Christmas Bonus paid by the Authority. If the retired member entitled to this benefit dies after June 30, and before the first Friday of December of the year in which he or she were to receive the Christmas Bonus, the sum shall be paid to his or her

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designated beneficiaries or heirs. (Approved on June 29, 2011, Resolution 2011-033).

(13) Increase in pensions granted prior to July 1, 1972.

Any pension of less than \$500 per month payable on or after July 1, 1972 for retirement or separation which occurred prior to said date shall be increased as provided in this Section.

(a) Effective on July 1, 1972, any pension payable on or after said date, instead of any adjustment in the minimum monthly pension effective on that date in accordance with Section (12) of this Article, if applicable, shall be increased by \$15; PROVIDED, that the monthly payments for said pension shall not exceed \$500 as a result of said increase; PROVIDED FURTHER that for members who retire with ten (10) or more years of creditable service, monthly payments for pension in no event shall be less than the amount which would otherwise be payable as minimum monthly payment under the provisions of Section (12) of this Article.

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(b) Effective July 1, 1973, any monthly pension payable on or after said date, instead of any adjustment in the minimum monthly pension effective on that date in accordance with Section (12) of this Article, if applicable, shall be increased by \$10; PROVIDED that said monthly pension shall not exceed \$500 as a result of said increase; PROVIDED FURTHER, that for members retired with ten (10) or more years of creditable service, monthly payments for pension in no event shall be less than the amount that would otherwise be payable as minimum monthly payment under the provisions of Section (12) of this Article.

(c) Effective July 1, 1979, any monthly pension payable on or after said date and which is greater than \$180.00 shall increase by \$25.00. (December 14, 1979).

In situations involving optional benefits payable in accordance with Section (7) of this Article, the amount of any increase in monthly payments for pension provided under this Section shall be reduced in the same extent that the regular benefit to which the member is entitled is reduced on the date of starting to earn it as a result of choosing the appropriate option.

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(d) Starting on July 1, 1988, the pension for any member retired as of said date and whose retirement occurred prior to said date shall be increased as follows:

\$50 per month to pensions that were granted 20 or more years previously.

\$40 per month to pensions that were granted 10 or more, but less than 20 years previously.

\$25 per month to all the rest.

(14) Special Provisions for Members Who Retired prior to July 1, 1973

Effective July 1, 1973, the pension payable to any member or on his or her behalf, as appropriate, whose retirement or separation occurred prior to said date, after any appropriate adjustment on said date in accordance with the provisions of Sections (12) and (13) of this Article, shall be increased, as provided in this Section.

(a) For members who retired on or before the first day of the month following the date on which he or she turned that age if receiving disability pension,

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the pension otherwise payable as of July 1, 1973 shall be increase in the following amounts:

(i) Ten percent (10%) over such portion of the pension that does not exceed \$6,000 per year; plus

(ii) Six percent (6%) over such portion of the pension in excess of \$6,000 per year, but which does not exceed \$7,200 per year.

(b) For members who were separated from service or opted for retirement not covered by the provisions of paragraph (a) of this Section, the pension otherwise payable as of July 1, 1973 shall be increased in the following amounts:

(i) Six percent (6%) over such portion of the pension that does not exceed \$6,000 per year; plus

(ii) Four percent (4%) over such portion of the pension in excess of \$6,000 per year, but which does not exceed \$7,200 per year; plus

(iii) Two percent (2%) over such portion of the pension in excess of \$7,200 per year.

(c) For members who stopped being employees prior to July 1, 1973 and are entitled to a pension

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in accordance with Section (4) of this Article which did not become payable on July 1, 1973, said pension, when it becomes payable, shall be increased in accordance with Paragraph (c) of this Section.

(15) Special Provisions for Members who Opted for Retirement from July 1, 1974.

Starting on and after July 1, 1974, the pension of any member who is receiving said pension from said date, whose retirement or separation occurred prior to said date, after any adjustment effective on said date in accordance with Sections (12), (13), and (14) of this Article, shall be increased by \$50 per month. The increase shall be exclusively payable to the member while he or she is alive and shall cease upon his or her death.

(16) Increase in Pensions (New paragraph, approved on October 23, 1992, Resolution 92-098).

(a) Increase effective July 1, 1992 to all pensions granted on or before June 30, 1990 under the following terms:

- 1) Up to \$300 of pension shall be increased by eight percent

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2) over \$300 up to \$600 shall be increased by four percent

3) over \$600 shall be increased by two percent

(b) the minimum monthly increase shall be \$25 and the maximum shall be \$50

(c) actuarial pensions shall receive the \$25 minimum increase if they comply with the requirement of having been issued on or before June 30, 1990.

(d) these increases, under the same terms, shall be automatically granted every three years from July 1, 1992 or from the date of retirement of anyone who retired after June 30, 1990 and subsequently, as applicable.

The scope of this resolution is retroactive through January 1, 1992, as to payment to retirees who as of said date received pension from our System for three or more years.

(17) Reduced Merit Pension

(a) Active Members who Began to Work at the Authority prior to January 1, 1993;

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(1) Effective January 1, 2000, any active members who began to work at the Authority before January 1, 1993 and who on the date of their retirement have between 25 and 29 years of credited service, shall receive a pension equal to a percentage of their final average compensation calculated according to the following table:

Years of Credited Service	Percentage of the Final Average Compensation
25	62.5
26	65.0
27	67.5
28	70.0
29	72.5

Members who opt for this benefit may not use accrued sick leave to increase their years of credited service.

(b) Active Members who Began to Work in the Authority from January 1, 1993;

(1) Effective January 1, 2015, any active members who began to work in the Authority from January 1, 1993 and who on their date of retirement have 30 years of credited service and are between the ages of 50 and 54 shall receive a pension

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equal to a percentage of his or her final average compensation calculated according to the following table:

Years of Credited Service	Percentage of the Final Average Compensation
50 years	62.5
51 years	65.0
52 years	67.5
53 years	70.0
54 years	72.5

Members who opt for this benefit may not use accrued sick leave to complete the 30 years of credited service required for purposes of retirement.

(c) Use of Accrued Sick Leave to Complete Retirement Years;

(1) Effective January 1, 2000, active members who do not opt for early retirement referred to in the above sections 1 and 2 may use their accrued sick leave, at a rate of one month of creditable service for each fifteen (15) days of accrued sick leave, to complete the years of service required to retire with a merit pension. From January 1, 2000, it shall be the obligation of the Retirement System to pay all of the pensions received by members who

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Retired prior to said date and who used their accrued sick leave to increase or complete years of credited service for purposes of retirement.

(d) Pension to [Surviving Spouse] and Minor Children of Deceased Retirees;

(1) Effective January 1, 2000, when a retired member dies, the Retirement System will give his or her surviving spouse and children who are under 18 or disabled, if applicable, a pension equal to thirty percent (30%) of the pension that the retired member was receiving when he or she died. Said pension shall be provided under the same terms and conditions established by the Authority's Governing Board in the Regulations adopted to that effect (Surviving Spouse). Effective January 1, 2000, the Retirement System shall be responsible for all pensions granted by the Authority to the surviving spouse and children under 18 or disabled of retired members who died prior to that date and said pensions shall be paid by it in full. (Approved on October 14, 1999, Resolution 99-147).

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(18) Summer Bonus

Any member who has separated from service and receives a Pension under the provisions of Section (1), (2), (4), and (11) of this Article 4 and who retired no later than December 31 of the prior year shall receive a Summer Bonus of \$100. This benefit shall be paid on July 1st of each year. If the retired member who is entitled to receive this benefit dies prior to December 31st of the prior year and prior to July 1st of the year in which the bonus is paid, the sum shall be paid to his or her designated beneficiaries or heirs (Approved on September 26, 2003, Resolution 2003-066).

(19) Funeral Expenses for Retirees Benefit

When the Retirement System receives satisfactory evidence of the death of a retired member who receives a pension under paragraphs (1), (2), (4) or (11) of this Article, he or she shall pay a person submitting evidence of the funeral expenses which he or she incurred as to death of the retiree the amount provided in said evidence up to a maximum of one thousand dollars (\$1,000.00). (Approved on April 25, 2004, Resolution 2014-020).

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ARTICLE 4.A

**REQUIREMENTS FOR NEW EMPLOYEES WHO START WORKING AT THE
AUTHORITY ON OR AFTER JANUARY 1, 1993**

(New article enacted on October 23, 1992, Resolution 92-099).

Any new employee who begins to work at the Authority on or after January 1, 1993 shall be governed by the following requirements:

- (a) The minimum age to opt for a merit pension shall be 55, with 30 years of credited service. In the event that the new member opts for retirement under 55 years of age and the minimum years of service, the pension to be received shall be calculated on actuarial grounds.
- (b) The member's contribution from the start of his or her service at the Authority shall be 11 percent of his or her gross base salary.
- (c) Requiring a minimum of ten years of credited service as a member to be entitled to receive a disability pension, unless it is a result of a work accident certified by the State Insurance

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Fund, in which case a minimum of five years of credited service shall be required.

(ch) The contribution of the System shall be calculated over the gross base salary up to a maximum of \$50,000 per year and the salary over which contributions are paid shall be used for calculation of the final average compensation and Benefit for Retirement or Death (Year of Salary).

(Approved on July 23, 1999, Resolution 99-055).

(d) For purposes of determining the amount of the pension (final average compensation) yearly increases that exceed 10 percent of the member's salary to be applied to members who began to work at the Authority from January 1, 1993. (Approved on July 23, 1999, Resolution 99-055).

Note: As to the Reduced Merit Pension for members who began to work at the Authority on or after January 1, 1993, see Article 4, Section 17, paragraph b.

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ARTICLE 5. CONTRIBUTIONS

(1) By members

(a) Each member shall contribute to the System a specific uniform percentage of his or her compensation, established in accordance with the provisions of the Board of Trustees which, calculated at a regular interest rate based on the tables adopted by the Board of Trustees is sufficient, when the member turns 60, to pay a pension equal to three quarters of one percent (.75%) of the average annual compensation for the three consecutive years prior to his or her retirement, during which the member received higher salaries, multiplied by the number of years of service as a member; PROVIDED that said contributions are adjusted to cover any amendments to the contribution rates established in the Federal Social Security Act in effect from January 1, 1955. (April 30, 1983).

(b) The Authority shall deduct said percentage from the compensation of each member in each and every payroll. When determining the amount of compensation of a member for the period covered by the payroll, the Authority may take the compensation payable to the member the first day of said period as if it continued throughout all of said period, and may not make deductions for the compensation

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during any period lesser than the total period, if the member was not paid or was not a member from the first day of the period covered by payroll. In order to facilitate said deductions, it may modify the deduction that corresponds to any member by an amount that does not exceed 1/10th of 1 percent of the annual percentage of compensation which will serve as a basis for said deduction. It is understood that every member has agreed and consented to the deductions mentioned in these Regulations, and shall grant a receipt for his or her total compensation. Payment of compensation, minus said deductions shall be a total exoneration and release of any claims and complaints for services provided by said member during the period covered by said payment, other than his or her claims as to benefits that he or she may be entitled to under these Regulations. The amounts deducted from member compensation shall be paid by the Authority to the Board of Trustees to be deposited in the fund created by these Regulations.

(c) (As amended on October 24, 1968, May 21, 1969). Effective on January 1, 1955, the Authority shall deduct from the contributions paid by each member to the System the contribution established by the Federal Social Security act as to his or her compensation as

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it was in effect on the date mentioned above. The Authority shall withhold said contribution to be paid to the Puerto Rico Treasury Secretary; PROVIDED that as of July 1, 1969 the discount established herein shall not be applied to any member who opts for benefits under the System which are completely supplementary to any benefits payable to him or her under the Federal Social Security Act, in accordance with paragraph (a) of Section (9) of Article 2.

(d) Effective June 1, 1972, in addition to the percentage of his or her compensation determined in accordance with paragraph (a) of this Article 5(1), each member shall contribute three hundredths of a percent (.03%) of his or her compensation. Said additional contribution shall be increased, effective July 1, 1973, one and fourteen hundredths of a percent (1.14%) of each member's compensation. Said additional compensation shall be deducted by the Authority from the compensation of each member in the manner provided for payment of the member's contributions under the provisions of paragraph (b) of this Article 5(1).

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(2) Contributions by the Authority.

(a) (As amended on February 1, 1967, to enter into effect January 1, 1967). Every month, or in the period agreed upon with the Board of Trustees, the Authority shall contribute to the Fund created under these Regulations a percentage of compensation of all members which shall be known as normal contribution, and until it is decided in accordance with this Section (2), the Authority shall make another contribution which shall be known as contribution for accrued obligations.

(b) Based on the regular interest and the mortality and service tables adopted by the Board of Trustees immediately after making each valuation during the period in which the contribution for accrued obligations is payable, the Clerk shall determine the uniform percentage of the compensation of all members calculated to be required as contributions payable by the Authority to provide benefits of the System to which the members are currently entitled, in addition to the contributions payable by said members. The percentage determined in this manner shall be known as the percentage of normal contribution. After all of the contributions for accrued obligations have been paid, the

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percentage of normal contribution shall be determined after each actuarial valuation as the percentage of compensation of all members and shall be obtained by deducting from the total of the obligations of the Retirement System for all benefits to active and retired members to be contributed by the Authority the amount of funds on hand which were conserved for said benefits and dividing the remainder by one percent of the current value of the future compensation of all members.

(c) Immediately after the first valuation from the date of effect of any amendment to the Regulations of the Retirement System, the Clerk shall determine the amount of all of the obligations of the Retirement System for all of the present and future benefits of active and retired members not covered by the assets held for said benefits, future contributions to be made to the System by active members and normal future contributions on account of said members. The amount so calculated shall be known as accrued obligations, and the percentage of contribution payable for said accrued obligations shall be known as the contribution rate for accrued obligations.

(d) The total amount to be paid annually by the Authority shall not be less than the sum of percentages of compensation of all

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members known by the percentage of normal contribution and the percentage of contribution for accrued obligations, PROVIDED however that from January 1, 1967, the rate of contribution for accrued obligations shall be one and a half percent (1½%) of the total annual compensation of the members of the System, payable on a monthly basis, and PROVIDED further that the amount of each annual contribution for accrued obligations from July 1, 1967 shall not be lesser than the payment for the prior accrued annual obligation; and PROVIDED further that joint payment by the Authority shall be enough, when combined with the asset of the Retirement System to pay the benefits that shall be charged to the System during the current year.

(e) Contributions for accrued obligations shall be suspended as soon as the reserves accrued of the Retirement System equal the actuarially calculated effective value approved by the Board of Trustees of the total sum of the obligations of the Retirement System for the benefit of active and retired members minus the effective value of future normal contributions based on the percentage that is in effect and future contributions that shall be received on account of the persons that are members on said date.

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It is further provided that in the event that the cost of the total contribution corresponding to the Authority reaches zero (0), the normal contribution, under the Regulations shall be no less than 5% of the payroll of active members. (Approved on June 29, 2011, Resolution 2011-032).

(f) (As amended on August 17, 1956). From January 1, 1955, the Authority shall pay the Secretary of the Treasury of Puerto Rico from its normal contribution to the Retirement System fund, the contribution imposed from time to time by the Federal Social Security Act.

(g) The Authority shall contribute all of the funds necessary for the System's administrative expenses. The Board of Trustees may authorize payment of the System's administrative expenses from the general fund whenever this is beneficial for the administration of the System, in which case the Authority shall cover said expenses in the accrued obligation contribution. (Approved on August 17, 2000, Resolution 2000-035)

Amended: Apr 25 2014



I, Juan E. Segarra, USCCI #06-067/translator, certify that the foregoing is a true and accurate translation, to the best of my abilities, of the document in Spanish which I have seen.

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ARTICLE 6. ADMINISTRATION OF THE SYSTEM

(1) The Board of Trustees shall be responsible for the general administration of the System and the responsibility of giving effect to the provisions of these Regulations. It shall be comprised of eight members, one of which shall be the Executive Director of the Authority, who may be substituted during his or her absences by the Acting Executive Director of the Authority, three of which shall be active members of the System elected by the active members by individual vote and under the supervision of the Authority, three shall be appointed by the Authority's Governing Board and one of which shall be a retired member of the System elected by retired members under the supervision of the Retirement System. The trustees shall be appointed or elected for a three-year term. The Executive Director of the Authority shall act as trustee while he or she holds the position of Executive Director. Each term of an elected or appointed trustee shall be considered to have expired on the date of the anniversary of establishment of the System and any appointment or election, except for those to fill vacancies for terms that do not expire, shall be carried out on said anniversary dates. Empty positions for terms that do not expire shall be covered in the same manner they were originally covered.

Amended: Apr 25 2014



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(2) The Board of Trustees shall hold ordinary meetings (June 19, 1987) once a month and also special meetings deemed necessary. Six trustees shall constitute a quorum and each trustee shall have the right to vote but six votes in agreement shall be necessary for any decision of the Board to be valid. It shall elect a president and vice president from its members and appoint a secretary and deputy secretary who cannot be trustees and obtain administrative, legal, office, medical and actuarial services necessary to carry out the provisions of the System (December 23, 1993)

(3) The Board of Trustees shall adopt from time to time the service and mortality tables necessary as a basis for actuarial calculations and establish the percentages of contribution to the System as provided by Article 5 of these Regulations. In order to advise the Board in the adoption of tables and establishment of percentages of contribution that shall be made to the Retirement System, the Board of Trustees shall appoint a clerk who shall make the annual actuarial valuations and recommend to the Board the tables and contribution percentages that he or she believes should be used by it. The third year after the date of implementation of the System and from that

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date at least once every five years, the Board of Trustees shall order an actuarial investigation based on the experience acquired as to mortality, service and compensation of the members and benefits of the Retirement System.

(4) The Board of Trustees shall keep an accounting system that shows the transactions of the System, as provided below, and keep the information necessary for actuarial valuations of the capital and obligations of the different System accounts in a convenient format. Every year the Board shall submit to the Authority's Governing Board a report showing the transactions carried out during the prior year, certified by an auditor hired by the Board of Trustees showing accrued assets and stocks and the last balance sheet showing the System's financial situation, through an actuarial valuation of its assets and liabilities.

(5) The Board of Trustees may, from time to time and subject to the limitations of these Regulations establish rules for the administration and operation of the Retirement System. The Board of Trustees of the Retirement System shall be the entity that shall determine the amount to be paid by any member who requests credit for services

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provided previously. The decision of the Board of Trustees as to any matter or controversy shall be final within the administrative process. As to situations of credit for service, the Board shall sign the decision as to the amount to be paid by the member of the System and notify the person requesting via certified mail with return receipt, placing a copy of the decision and evidence of notice in the file. After carrying out the informal process carried out by the employees of the Retirement System to deal with any claim of any member or beneficiary, other than service accreditation or involving an interpretation of the provisions of the Retirement System Regulations, if the member or beneficiary disagrees with said decision, he or she may file a written Petition before the Board of Trustees within twenty (20) calendar days from notice for it to decide the controversy. Said request shall include all allegations and evidence to support its arguments.

In situations of accreditation of service, the decision shall advise as to the right to request reconsideration within a final period of twenty (20) days from the date of filing, through motion or request before the Board of Trustees. The Board shall consider

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the request for reconsideration, in either case, within fifteen (15) days of its submission. If the request is denied or no action is taken within fifteen (15) days, the term to request judicial review shall begin to run again from notice of said denial or from the expiration of the fifteen (15) day period, as appropriate. If the Board makes a decision in its consideration, the term to request judicial review shall begin to run from the date of placing a copy of the notice of the Board's decision as to the request for reconsideration in the file. Said decision shall be issued and filed within ninety (90) days after filing the motion or request for reconsideration. If the Board of Trustees accepts the motion for reconsideration but fails to take any steps as to the motion within ninety (90) days from filing, it shall lose jurisdiction as to it and the period to request judicial review shall begin to run from expiration of said ninety (90) day period, unless the Board, for just cause, and within those ninety (90) days extends the period to reach a decision within a period not to exceed an additional thirty (30) days.

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If the Board concludes or decides not to initiate or continue adjudicative proceedings in a specific case, it shall terminate the proceedings and notify the requestor as to its decision and the grounds for said decision in writing via certified mail with return receipt, indicating the available review remedy available.

A party that is adversely affected by a decision of the Board of Trustees, after exhausting administrative proceedings of reconsideration before the Board may file a request for review before the appropriate Circuit Court of Appeals within a period of thirty (30) days from the date of placing a copy of notice with the Board's final decision in the file. The party shall notify filing of the request for review to the Board of Trustees within the period to request said review. Notice may be done via mail. (Approved on July 20, 2007, Resolution 2007-049)

(8) Fiduciary Policy and Crime Policy; The Board of Trustees shall obtain policies that cover the trustee and criminal liability for Trustees and officers of the Retirement System.

(9) Updating signatures; The Board of Trustees shall appoint the employees authorized to carry out transactions with the System's

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assets. The Administrator shall ensure that the signatures of authorized employees are updated every time changes are made. (Approved on August 31, 2001, Resolution 2001-038)

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ARTICLE 7. ADMINISTRATION OF THE FUNDS

(1) The Board of Trustees shall be the deposit-taker of the different funds of the Retirement System, which will be used to create a general fund for payment of the benefits listed in these Regulations. It further authorizes transfer of funds for payment of pensions and other benefits. (Approved on August 31, 2001, Resolution 2001-038)

(2) The Board of Trustees shall have the following powers, subject to the limitations that the Governing Board of the Authority may hereinafter prescribe:

(a) Investing and reinvesting the System's funds in accordance with the Investment Policy adopted by the Board of Trustees and approved by the Authority's Governing Board. Any amendment to the Investment Policy in effect shall be approved by the Board of Trustees and affirmed by the Authority's Governing Board. Any amendment to the Investment Policy in effect must be approved by the Board of Trustees and affirmed by the Authority's Governing Board before it enters into effect. (Approved on May 2, 2005, Resolution 2006-024).

(b) Selling, exchanging, transferring, granting options and disposing during any period of any property possessed, whether real or personal, and any sale may be made through private contract or auction, establishing the form of payment deemed convenient, without any

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person with whom the Board carries out any transaction being required to know the way in which the money paid is invested;

(c) Managing, [operating], repairing, improving, mortgaging or leasing for any number of years and under the terms and conditions deemed appropriate, any real property that it possesses;

(d) Settling or adjusting any debts or obligations and reducing the percentage of interest thereon, extending, modifying or collecting on them once they are due.

(e) Submitting any controversy to binding arbitration;

(f) Voting personally or by proxy with regards to any actions or other stocks that it holds and exercising any other right related thereto;

(g) Adhering to or opposing the reorganization, recapitalization, consolidation, sale or merger of corporations or properties in which it has an interest, under such terms and conditions deemed advisable, and accepting any stocks that may be issued as a result of said reorganization, recapitalization, consolidation, sale or fusion and conserving these;

Amended April 25, 2014



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(h) Enforcing or not enforcing, at its sole discretion, any right, obligation or claim, and abandoning, if it deems convenient, any property, whether real or personal, possessed at any period, and in general protecting in any way and moment the interests of the System;

(i) Causing any stocks that it may acquire to be registered on its behalf or on behalf of any person(s) designated, or not registering them and retaining them in whole or in part in conditions such that they can be transferred via delivery, and

(j) Making, executing, acknowledging and delivering any deeds, lease, assignments and instruments to carry out any acts deemed necessary and exercising all of the powers mentioned above under such terms and conditions deemed most convenient.

(3) The Board of Trustees is hereby authorized to make arrangements with any bank or trust company for the deposit, investment or reinvestment of Retirement System funds, as long as said bank or trust company is accepted by the Authority's Governing Board, PROVIDED further that all investments or reinvestments or powers with regards to these

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investments, made by the Board of Trustees or by a bank or trust company, shall be subject to the terms mentioned above for investment of funds of the System.

(4) The Board of Trustees shall have powers to borrow money at any time and under the terms and conditions deemed convenient for improvement of the purposes of the Retirement System, and to that effect, may issue any promissory note and secure payment of these loans, encumbering the funds or properties in its custody or possession.

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ARTICLE 8. ACCOUNTING

The Board of Trustees shall provide that following two accounts be kept: (1) member account and (2) accrued deposit and allotment account.

General accounts shall be kept for the contributions by each member, the contributions by the Authority, investment income, transfer of contributions to other retirement systems of the Government of Puerto Rico and any other deposit in the System fund. Accounts shall also be kept to account for payment of pensions, benefits, expenses and returns of Accrued Contributions from the System fund. For said purposes, an Accounting Manual shall be kept which shall include the following sections:

- Account Structure
- Account Manual
- Conversion Table
- Account Dictionary

(Approved on August 31, 2001, Resolution 2001-038)

(1) The member account shall cover the members' individual contributions. The contributions of all members shall be credited to this account. The contribution of members after

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deducting an amount equal to the contribution required under the Federal Social Security Act, shall be credited to this fund as they are received. All returns made to any member prior to his or her retirement shall be debited from this account. When a member retires, the total of his or her accrued contributions for the deductions provided in Articles 5(1) and 4(3)(d) shall be transferred from the members' account to the accrued deposit and allotment account. This account shall be charged for any amount that the Retirement System pays the Authority for it to pay the Puerto Rico Treasury Secretary as the contribution of the members under the Federal Social Security Act.

(2) The accrued deposit and allotment account shall be the account which shall receive all reserves for payment of pensions payable from the Authority's contributions. The appropriate contribution of the Authority shall be credited annually for each member as provided under Article 5. The interests and benefits obtained in financial investments shall be credited to this account. All pensions granted for retirement or benefits granted in their place, as well as lump payments for benefits, for death

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payable from the contributions contributed under the provisions of Article 4(3) shall be charged from the accrued deposit and allotment account. Upon retirement of a member with no right to prior service upon the implementation of the System, a sum equal to the current cost of the credit that corresponds to future retirement payments or benefits instead of these payable on account of the retired member shall be transferred from the accrued deposit and allotment account to the retirement reserve account. Any amount paid by the Authority's Retirement System for contributions to be paid by the Puerto Rico Secretary of the Treasury under the Federal Social Security Act shall be charged to this account.

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ARTICLE 9. GENERAL PROVISIONS

(1) The establishment of this Retirement System shall not be considered or interpreted as an employment contract or as a cause for one, nor shall it affect the right that the Authority has to separate any employee from employment.

(2) The Authority's intention is to maintain the System while it performs the duties and purposes for which it was created, but the Authority, through the recommendation of the Board of Trustees and action of its Governing Board may, for reasons that affect its normal operations and its functioning as a solvent entity, discontinue, suspend or reduce its contributions to an amount that is lower than what is required under Article 5, in which case the contributions of the members may similarly be discontinued, suspended or reduced in the same proportion and for the same period and all of the benefits shall be reduced to the amounts that the contributions made through that date, plus future reduced contributions (if any) may provide, in accordance with actuarial evaluations.

(3) Through recommendation of the Board of Trustees and action of its Governing Board, based on causes or circumstances that are outside of its control, the Authority may terminate the operation of the

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System at any moment. In the event of such termination, all of the System's capital shall only be used for the benefit of active members, retired members and their beneficiaries under the System, and for no other purpose. Each member or person entitled to a pension shall be entitled to a proportional part of the total amount of the System's capital that corresponds to it, in accordance with all of the prior contributions made by him or her and by the Authority with regards to the benefits that shall be paid to him or her or to his or her account and in the proportion that the obligations of the System in his or her account has to the total obligations of the System, as determined by the Board of Trustees based on the actuarial evaluations. The Board of Trustees may require from said members or from other persons that they withdraw such amounts, in the form of immediate or deferred yearly payments, as determined by the Board in its discretion.

(4) Notwithstanding any contrary provision established in these Regulations, when there are special circumstances, the Governing Board of the Authority shall be entitled to grant a special pension or benefit to any employee, whether or not he or she is a member of this System, and said pension or benefit shall be paid from the Retirement System,

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PROVIDED that the Authority shall first pay the System the amount required to cover the sum of said pension or benefit.

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ARTICLE 10. TRANSFER OF BENEFITS

None of the benefits granted under this System shall be subject in any way to an advance, alienation, sale, transfer, assignment, pledge or encumbrance and any attempt to advance, alienate, sell, transfer, assign, pledge or encumber it shall be null; and said benefit shall not be subject to nor may it be used in any way to respond to or support debts, contracts, obligations, settlements or tortious acts of the person entitled to said benefit, except in the manner specifically provided under these Regulations. Members who voluntarily retire may authorize the Administrator of the Retirement System to make uniform discounts to their pension in order to pay for debts undertaken with the Electric Power Authority (October 23, 1987) and fees, contributions or debts undertaken with associations or cooperatives of employees of the Electric Power Authority exclusively. (Approved on August 17, 2000, Resolution 2000-033).

If any active or retired member or any other beneficiary under the System is declared bankrupt or attempts to advance, alienate, sell, transfer, assign, pledge or encumber any benefit granted by this System, other than as specifically provided

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under these Regulations, said benefit shall cease and terminate at the discretion of the Board of Trustees, and in this event the Board of Trustees shall retain them and apply them for the benefit of said active or retired member or other beneficiary, his or her spouse, children or other dependents or any of these in such manner and in the proportion that the Board of Trustees deems appropriate.

Amended: Apr 25 2014



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ARTICLE 11. AMENDMENTS

These Regulations may be amended in whole or in part by the Board of Trustees when it deems appropriate, as long as the Board of Trustees notifies the Authority of its intention to amend thirty days in advance and also informs all of the members in order to give them the opportunity to be heard before the Authority makes a decision. IT IS FURTHER PROVIDED, that the Authority may within said thirty-day period prohibit the proposed amendment, in which case it shall not enter into effect. IT IS FURTHER PROVIDED, that no modification or amendment may deprive any active or retired member or any other person receiving a pension of any of the benefits to which he or she would be entitled due to the income accrued or accredited in his or her account under the System as of said date, unless he or she consents.

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NOTES:

1. In the event that there is any discrepancy between the text of the Regulations and the Resolutions of the Board of Trustees, the latter shall govern; PROVIDED that a Resolution book shall be established through which every rule or amendment to the Regulations adopted in a meeting of the Board of Trustees shall be necessary [sic] to issue a Resolution which shall be included therein, bearing the appropriate sequence number assigned by the Secretary of the Board. This number shall be assigned in the meeting of the Board of Trustees in which the Resolution is approved in order for it to be on the record in the Minutes. A copy of every Resolution shall be sent to the Administrator of the Retirement System.
2. These Regulations have been reviewed in accordance with the amendments introduced through February 27, 2014.

Amended: Apr 25 2014



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I CERTIFY that this is a true and exact copy of the Regulations of the Retirement System of the Electric Power Authority which was amended by the Board of Trustees in its ordinary meeting held on April 25, 2014, through Resolution 2014-020 and affirmed by the Board of Government in Resolution 4188 from September 16, 2014.

[signature]

CARMEN L. HERRERO GARCIA
CLERK, BOARD OF TRUSTEES

Amended: Apr 25 2014



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COMMONWEALTH OF PUERTO RICO
RETIREMENT SYSTEM OF THE EMPLOYEES OF THE
PUERTO RICO ELECTRIC POWER AUTHORITY

BOARD OF TRUSTEES
TEL. 521-4761/4762
FAX 521-4758

PO BOX 13976
SAN JUAN, PR 00908-3978

[Logo: PREPA Employee Retirement System]

RESOLUTION 2014-020

Whereas: The Board of Trustees of the Retirement System of the Electric Power Authority, through Resolution 2004-059 from November 23, 2004 approved of granting retired members Funeral Expense benefits in the amount of one thousand dollars (\$1,000.00);

Whereas: In an ordinary meeting held on April 10, 2014, the Special Committee evaluated the provision of the Retirement System Regulations related to the Funeral Expense Benefit for Retirees, which reads as follows:

[initials] *Funeral Expense Benefit for Retirees*


When the Board of Trustees receives satisfactory evidence of the death of a retired member who received a pension under paragraphs (1), (2), (4) or (11) of this Article, his or her designated beneficiary or his or her heir(s), as appropriate, shall be paid the sum of one thousand dollars (\$1,000) in order to help cover his or her funeral expenses.

Whereas: The Special Committee, after evaluating this provision, agreed to recommend to the Board of Trustees that it approve the following amendment to the Retirement System Regulations, in its Article 4, Section (19), Funeral Expense Benefit for Retirees:

(19) Funeral Expense Benefit for Retirees

When the Retirement System receives satisfactory evidence of the death of a retired member who received a pension under paragraphs (1), (2), (4) or (11) of this Article, any person submitting evidence of funeral expenses incurred by said person for the death of the retiree, shall be paid the amount stated in said evidence, up to a maximum of one thousand dollars (\$1,000).

"We are an equal opportunity employer and we do not discriminate based on race, color, sex, age, social or national origin, social condition, political affiliation, political or religious beliefs, being a victim or being perceived to be a victim of domestic violence, sexual assault or stalking, regardless of civil status, sexual orientation, gender identity or migratory status, physical and/or mental disability, being a veteran on based on genetic information."

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THEREFORE: THIS BOARD OF TRUSTEES accepts the recommendation of the Special Committee and amends the Retirement System Regulations, Article 4, Section (19), Funeral Expense Benefit for Retirees, to read as established in the third WHEREAS of this Resolution. Additionally, it tasks the Administrator of the Retirement System with taking the necessary measures in accordance with Article 11 of the System Regulations for said amendment to enter into effect.

**APPROVED BY THE BOARD OF TRUSTEES DURING
AN ORDINARY MEETING HELD ON APRIL 25, 2014.**

CERTIFIED CORRECT

[signature]

**CARMEN L. HERRERO GARCIA
CLERK, BOARD OF TRUSTEES**

CHG

I, Juan E. Segarra, USCCI #06-067/translator, certify that the foregoing is a true and accurate translation, to the best of my abilities, of the document in Spanish which I have seen.

CERTIFIED TRANSLATION

AEE 020.0-305(a)
REV. 06/03

COMMONWEALTH OF PUERTO RICO
RETIREMENT SYSTEM OF THE EMPLOYEES OF THE
PUERTO RICO ELECTRIC POWER AUTHORITY

BOARD OF TRUSTEES
TEL. 521-4743/4749
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PO BOX 13976
SAN JUAN, PR 00908-3978

[Logo: PREPA Employee Retirement System]

October 17, 2014

Carmen L. Herrero Garcia, Clerk
Board of Trustees

Marieolga Anglero Bruno [initials]
Administrator

Resolution 4188 of the Governing Board

We refer Resolution 4188 of the Governing Board for the appropriate procedures. Said Resolution affirms Resolution 2014-020 of the Board of Trustees to amend the Retirement System Regulations, Article 4, Section (19) Funeral Expense Benefit for Retirees.

Appendix

"We are an equal opportunity employer and we do not discriminate based on race, color, sex, age, social or national origin, social condition, political affiliation, political or religious beliefs, being a victim or being perceived to be a victim of domestic violence, sexual assault or stalking, regardless of civil status, sexual orientation, gender identity or migratory status, physical and/or mental disability, being a veteran on based on genetic information."



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CN 078-04479
REV. 02/14

COMMONWEALTH OF PUERTO RICO
PUERTO RICO ELECTRIC POWER AUTHORITY
GOVERNING BOARD

www.aeepr.com

PO BOX 364267
GENERAL POST OFFICE
SAN JUAN, PR 00936-4267

[PREPA Official Seal]

RESOLUTION 4188

WHEREAS: The Governing Board of the Electric Power Authority delegated to the Board of Trustees the responsibility for general administration of the Retirement System.

WHEREAS: The Retirement System Regulations for the Employees of the Electric Power Authority grants the Board of Trustees the fiduciary duty of administering the assets of the Retirement System.

WHEREAS: The Board of Trustees of the Retirement System of the Employees of the Electric Power Authority, through Resolution 2004-059 from November 23, 2004 approved of adding a paragraph to Article 4 Benefits, to grant retired members Funeral Expense Benefits in the amount of one thousand dollars (\$1,000).

WHEREAS: The Administrator of the Retirement System, through memorandum from April 10, 2014, included as Exhibit 3132, referred this Resolution to the Special Committee of the Board of Trustees for its evaluation.

WHEREAS: The Special Committee, after evaluating said Resolution, agreed to recommend to the Board of Trustees approval of the following amendment to the Regulations of the Retirement System in its Article 4, Section (19), Funeral Expense Benefit for Retirees so that it reads as follows:

Article 4. Benefits

(19) Funeral Expense Benefit


When the Retirement System receives satisfactory evidence of the death of a retired member who received a pension under paragraphs (1), (2), (4) or (11) of this Article,

"We are an equal opportunity employer and we do not discriminate based on race, color, sex, age, social or national origin, social condition, political affiliation, political or religious beliefs, being a victim or being perceived to be a victim of domestic violence, sexual assault or stalking, regardless of civil status, sexual orientation, gender identity or migratory status, physical and/or mental disability, being a veteran on based on genetic information."



I, Juan E. Segarra, USCCI #06-067/translator, certify that the foregoing is a true and accurate translation, to the best of my abilities, of the document in Spanish which I have seen.

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 I, Juan E. Segarra, USCCI #06-067/translator, certify that the foregoing is a true and accurate translation, to the best of my abilities, of the document in Spanish which I have seen.

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Resolution 4188

Page 2

any person submitting evidence of funeral expenses incurred by said person for the death of the retiree, shall be paid the amount stated in said evidence, up to a maximum of one thousand dollars (\$1,000).

WHEREAS: The Board of Trustees adopted the recommendation of the Special Committee and agreed during an ordinary meeting held on April 25, 2014 through Resolution 2014-020 to amend the Regulations of the Retirement System, Article 4, Section (19), Funeral Expense Benefit for Retirees, to read as established in the above WHEREAS.

THEREFORE: The Governing Board of the Electric Power Authority hereby affirms the recommendation of the Board of Trustees to amend the Regulations of the Retirement System, Article 4, Benefits, Section (19) to read as established in the fifth WHEREAS of this Resolution.

APPROVED in San Juan, Puerto Rico, on September sixteen, two thousand fourteen.

[Signature]



I, Juan E. Segarra, USCCI #06-067/translator, certify that the foregoing is a true and accurate translation, to the best of my abilities, of the document in Spanish which I have seen.

CERTIFIED TRANSLATION

A handwritten signature in blue ink, appearing to read 'JES' or similar, is positioned to the left of the certification text.

I, Juan E. Segarra, USCCI #06-067/translator, certify that the foregoing is a true and accurate translation, to the best of my abilities, of the document in Spanish which I have seen.